

CONFIDENTIAL

Page 278

1 UNITED STATES DISTRICT COURT
2 SOUTHERN DISTRICT OF NEW YORK
34 CYPRESS HOLDINGS, III, L.P., Case No.
5 individually and derivatively 22-cv-01243(LGS)
on behalf of SPORT-BLX, INC.,
Plaintiff,

6 -v-

VIDEOTAPED
DEPOSITION UPON
ORAL EXAMINATION
OF
GEORGE HALL
(Vol. II)7 GEORGE HALL, JOSEPH DE PERIO,
8 DANIEL STRAUSS, FRANCIS
RUCHALSKI, CESAR BAEZ,
CHRISTOPHER JOHNSON,
9 SPORT-BLX, INC., SPORT-BLX
SECURITIES, INC., CLINTON
10 GROUP INC., and GLASSBRIDGE
ENTERPRISES, INC.,
11 Defendants.12 SPORT-BLX, INC., individually Case No:
13 and derivatively on behalf of 1:22-cv-8111(LGS)
14 its shareholders,
Plaintiff,

15 -v-

16 MICHAEL M. SALERNO and
17 CYPRESS HOLDINGS, III, L.P.,
Defendants.19 *** CONFIDENTIAL - SUBJECT TO PROTECTIVE ORDER ***
2021 T R A N S C R I P T of testimony taken
22 stenographically by and before MARGARET
VOLLMUTH-CORSON, a Certified Court Reporter of the
23 State of New Jersey, pursuant to Federal Rules
Governing Civil Procedures, at the offices of CHIESA
SHAHINIAN & GIANTOMASI, P.C., 105 Eisenhower
Parkway, Roseland, New Jersey, on Wednesday,
24 June 21, 2023, commencing at approximately 10:06
a.m.

CONFIDENTIAL

Page 279

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CONFIDENTIAL

Page 280

1 A L S O P R E S E N T:

2 Tyler Thompson, Videographer

3 Joseph De Perio

4 Francis Ruchalski (via videoconference)

5 Daniel Strauss (via videoconference)

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25

CONFIDENTIAL

Page 281

INDEX

WITNESS

PAGE

GEORGE HALL

By: MR. PEARLSON

288

EXHIBITS

NO. DESCRIPTION

PAGE

Hall-82 Complaint filed in the Supreme Court of the State of New York, World Gold Trust Services, LLC v. the Clinton Group, Inc.

295

Hall-40 Three-page Minutes of the Regular Quarterly Meeting of the Board of Directors of Sport-BLX, Inc. dated August 14, 2019 Bates stamped GBE_0003774 through 3776

303

Hall-85 Declaration in Opposition in the World Gold Trust v. Clinton Group matter

314

Hall-25 One-page email from Michael Salerno to George Hall dated May 21, 2019, with two-page attachment Bates stamped CYPRESS_00001215 through 1217

326

Hall-26 Three-page May 21 to May 29, 2019, email exchange between Michael Salerno, George Hall, and Joseph De Perio Bates stamped SPORTBLX00048150 through 48152

347

CONFIDENTIAL

Page 282

1	Hall-28	11-page email string, top email being from George Hall to Michael Salerno dated 7/20/2019, Bates stamped CLINTON00007033 through 7043	368
2	Hall-29	Three-page December 10, 2018, email from Ken Norensberg to various parties Bates stamped SPORTBLX0153548 through 153550	384
3	Hall-30	Three-page May 3 through May 8, 2019, email exchange between John Hall, Joseph De Perio, and Ken Norensberg Bates stamped SPORTBLX0092551 through 92553	387
4	Hall-32	29-page Form BD Uniform Application For Broker-Dealer Registration	390
5	Hall-34	22-page July 3 and 9, 2019, email from Luxor Financial Group Operations Department to John Hall and Joseph De Perio with attached BLX Trading Corp Proposed Business Plan Bates stamped SPORTBLX00049502 through 49523	405
6	Hall-35	Five-page email string among multiple parties dated 8/2 to 8/5/2019, Bates stamped SPORTBLX00050524 through 50528	413
7	Hall-36	Two-page email string between Joseph De Perio, Michael Salerno, and George Hall dated 8/5 through 8/9/19, Bates stamped SPORTBLX00027555 and 27556	421

CONFIDENTIAL

Page 283

1	Hall-38	Three-page email exchange between Michael Salerno, George Hall, and Joseph De Perio, dated 8/9/19, Bates stamped SPORTBLX00050629 through 50631	426
2	Hall-39	8/12/2019 email from George Hall to Michael Salerno Bates stamped SPORTBLX0140201	432
3	Hall-41	Two-page 8/16 and 8/17/2019 email string between Michael Salerno, George Hall, and Joseph De Perio Bates stamped SPORTBLX00050788 and 50789	445
4	Hall-42	Two-page 8/16 and 8/17/2019 email string between Michael Salerno, George Hall, and Joseph De Perio Bates stamped SPORTBLX00050786 and 50787	447
5	Hall-43	Six-page August 23, 2019, FINRA letter to Kenneth Norensberg Bates stamped SPORTBLX00052448 through 52353	448
6	Hall-44	Three-page Minutes of the Special Meeting of the Board of Directors of Sport-BLX, Inc. dated September 10, 2019, Bates stamped GBE_0005173 through 5175	458
7	Hall-45	Two-page 12/16 through 12/23/2019 email exchange between Michael Salerno, George Hall, and Joseph De Perio Bates stamped SPORTBLX00052396 and 52397	470
8			
9			
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24			
25			

CONFIDENTIAL

Page 284

1	Hall-46	Two-page 12/23 through 12/27/2019 email exchange between Michael Salerno, George Hall, and Joseph De Perio Bates stamped SPORTBLX00052409 and 52410	477
2	Hall-47	One-page August 17, 2020, email from Ken Norensberg to Joseph De Perio and George Hall attaching 20-page Sport BLX Securities, Inc. Proposed Business Plan Bates stamped SPORTBLX0128701 through 128721	491
3	Hall-48	5/2/21 email from Joseph De Perio to Andrew Gadlin Bates stamped SPORTBLX00012773	500
4	Hall-49	66-page Execution Version Securities Purchase Agreement between GlassBridge and ORIX dated October 1, 2019, Bates stamped GBE_0009235 through 9300	517
5	Hall-11	85-page GlassBridge Enterprises, Inc. Form 10-K for fiscal year ending December 31, 2019	523
6	Hall-51	Three-page Written Consent of Board of Directors of Imation Enterprises Corp. dated October of 2019 Bates stamped GBE_0011474 through 11476	534
7	Hall-52	Two-page Minutes of the Regular Meeting of the Board of Directors of GlassBridge Enterprises, Inc. dated December 9, 2019, Bates stamped GBE_0009062 and 9063	549

CONFIDENTIAL

Page 285

1	Hall-53	Two-page Minutes of the	558
2		Regular Meeting of the	
3		Board of Directors of	
4		GlassBridge Enterprises,	
5		Inc. dated December 11,	
6		2019, stamped GBE_0009060	
7		and 9061	
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CONFIDENTIAL

Page 286

This media unit No. 1 in the
video-recorded deposition of George Hall in the
matters of Cypress Holdings, III, L.P., individually
and derivatively on behalf of Sport-BLX,
Incorporated v. George Hall, Joseph De Perio, et
al., Docket No. 22-cv-8111, as well as Sport-BLX,
Incorporated, individually and derivatively on
behalf of its shareholders v. Michael Salerno and
Cypress Holdings, III, L.P., Docket No. 22-cv-01243.

The location of this deposition is Chiesa Shahinian & Giantomaso, P.C. in Roseland, New Jersey. My name is Tyler Thompson, representing Veritext, and I'm the videographer. Court reporter is Margaret Corson from the firm of Veritext. I am not authorized to administer an oath, I am not related to any party in this action, nor am I financially interested in the outcome.

CONFIDENTIAL

Page 287

1 If there are objections to proceeding,
2 please state them at the time of your appearance.
3 Counsel and all present, including remotely, will
4 now state their appearances and affiliations for the
5 record, beginning with the noticing attorney.

6 MR. PEARLSON: This is Ross Pearlson.
7 I'm here with Dan Tyrrell. We're with Chiesa
8 Shahinian & Giantomasi representing Cypress
9 Holdings, III, L.P. and Michael Salerno.

10 MR. SACK: I'm Jonathan Sack with the
11 Morvillo Abramowitz law firm with my colleagues
12 Edward Spiro and Joseph Stern, and we represent
13 Sport-BLX, Sport-BLX Securities, George Hall,
14 Christopher Johnson, and Cesar Baez.

15 MR. CARBONE: Chris Carbone, Loeb &
16 Loeb, here for GlassBridge, Daniel Strauss, and
17 Frank Ruchalski. Mr. Ruchalski is participating
18 today remotely.

19 MR. GOLD: David Gold, Cole Schotz,
20 P.C., on behalf of Joseph De Perio and joined with
21 Joseph De Perio.

22 THE REPORTER: Mr. Hall, you are
23 reminded that you are still under oath from last
24 week.

25 THE WITNESS: Yes, I understand.

CONFIDENTIAL

Page 288

1 G E O R G E H A L L, residing at 6 East 69th
2 Street, New York, New York 10065, having been
3 reminded of his oath, testified as follows:

4 EXAMINATION BY MR. PEARLSON:

5 Q. Good morning, Mr. Hall. We're here for
6 the continuation of your deposition. As you may
7 recall, I gave you certain instructions last time.
8 Do you need me to give you those instructions again?

9 A. No.

10 Q. Is there any reason that you can't
11 testify fully and completely today?

12 A. No.

13 Q. Okay.

14 MR. PEARLSON: Before we begin, I just
15 want to note for the record again, unfortunately,
16 that last week we received three productions from
17 the defendants in our case in which Cypress Holdings
18 is a plaintiff. We received a production on Monday
19 night, Tuesday night, and Friday night at 9:30, and
20 in light of that we're proceeding today, but we're
21 going to reserve all rights, including to seek the
22 appropriate relief from the Court.

23 With that, I'll begin.

24 Q. Mr. Hall, when we broke last time we
25 were talking about the rent that Sport-BLX was

CONFIDENTIAL

Page 289

1 paying for the premises at 510 Madison Avenue. Do
2 you remember that?

3 A. Yes.

4 Q. And was it your testimony that
5 ConsenSys had determined the amount of rent for --
6 that Sport-BLX would pay for those premises?

7 MR. SACK: Objection to the form.

8 A. ConsenSys created an overall pro forma
9 business plan with many different variables. One of
10 the variables under expenses was rent, they also
11 looked at head count, the growth of the business,
12 and so on, and when I first saw it, the number was
13 -- that they attributed for rent was \$500,000.00,
14 and that seemed like a reasonable number to me.

15 Q. Okay. Did -- when you -- what kind of
16 company is ConsenSys?

17 A. They're a pretty large company. They
18 do projects, outsource projects, computer
19 programming, they do consulting, they do marketing,
20 marketing research, lots of work in blockchain, so
21 they're -- they're a modern day technology and
22 infrastructure firm.

23 Q. Are they in the real estate business?

24 A. I don't know.

25 Q. Did they have any information specific

CONFIDENTIAL

Page 290

1 to 510 Madison Avenue when they made that sort of
2 projection or -- or determination as to the
3 \$500,000.00 in rent?

4 A. I don't know what they did
5 specifically. I don't know if they communicated
6 with anybody at Clinton Group, but -- so I don't
7 really know.

8 Q. Okay. Do you know if they had any
9 information as to who was sharing the premises with
10 Sport-BLX?

11 A. I don't know.

12 Q. Or how much space Sport-BLX was using
13 at the time?

14 MR. SACK: Objection to the form.

15 A. At what time?

16 Q. At the time they made this estimation
17 of \$500,000.00 for the rent.

18 A. Well, I think they anticipated how
19 much space Sport-BLX was using -- would be using in
20 the future, as well as what they were using at the
21 time.

22 Q. Okay. And did you have any discussions
23 with ConsenSys about the rent determination?

24 MR. SACK: Do you mean him personally,
25 Ross?

CONFIDENTIAL

Page 291

1 Q. Yes. You personally.

2 A. I don't recall if I had any discussion
3 with them.

4 Q. Did you -- did you look at anything
5 else besides ConsenSys's estimation in determining
6 that the \$500,000.00 number was reasonable?

7 A. Well, obviously, I didn't have to
8 look, I know what the -- generally the rent that
9 Clinton Group was paying. I could anticipate how
10 much space would be used, and that seemed like a
11 reasonable -- reasonable number.

12 Q. Did you ever look at any alternative
13 space for Sport-BLX to occupy besides the 510
14 Madison Avenue space?

15 A. No.

16 Q. Now, in terms of the 510 Madison Avenue
17 space, you indicated -- well, let me strike that.

18 When did GlassBridge first begin using
19 the 510 Madison Avenue space?

20 A. I don't think GlassBridge ever used
21 the space.

22 Q. Did GlassBridge ever pay any rent for
23 the use for that space?

24 A. Not specifically.

25 Q. Okay. So is it your testimony that the

CONFIDENTIAL

Page 292

1 space was used, at least in 2019, by Sport-BLX and
2 the Clinton Group?

3 A. So with the exception of the last
4 couple of weeks of 2019, GlassBridge had no
5 employees using those space. As I mentioned last
6 time, there was another firm, which I couldn't
7 remember the name of, I do remember the name now,
8 it's called Market Field, they had about three --
9 three or four desks that they used.

10 Q. Okay. And did they pay rent?

11 A. They did.

12 Q. Do you know how much?

13 A. I don't recall.

14 Q. And do you recall who they paid rent
15 to?

16 A. I don't recall specifically.

17 Q. Who was responsible for collecting --
18 so -- strike that.

19 So in 2019 it was Sport-BLX, this other
20 entity, and the Clinton Group that were paying rent
21 for that space, correct?

22 MR. SACK: Objection to the form and
23 to the substance.

24 A. So Clinton Group was paying the rent
25 to the -- to its landlord, which was a subtenant of

CONFIDENTIAL

Page 293

1 the overlease -- of the overlandlord. Sport-BLX was
2 paying \$500,000.00 a year to Clinton Group to offset
3 some of the cost of that rent based on the usage and
4 what was provided for Sport-BLX.

5 Q. Okay. And now who was responsible from
6 the Clinton Group for making sure the landlord was
7 paid?

8 A. Well, that was one of the people in
9 the accounting department.

10 Q. Okay. Do you have a name in
11 particular?

12 A. Could have been Francis Ruchalski,
13 could have been Daiana Sersea. They're generally
14 the ones that make payments.

15 Q. And were they also responsible for
16 collecting rent from Sport-BLX?

17 MR. SACK: Objection to form.

18 A. I'm not sure what you mean by
19 "responsible."

20 Q. Well, who was the one who wrote the --
21 well, let's break it down.

22 Who from Sport-BLX was responsible for
23 paying the rent to the Clinton Group?

24 A. Oh, I see. The -- the same people.

25 Q. Okay. And -- and the same people who

CONFIDENTIAL

Page 294

1 were responsible for paying the landlord as well,
2 right?

3 A. Correct.

4 Q. On behalf of the Clinton Group.

5 Okay. Now, in -- in -- we were talking
6 before about, I believe, that the -- the space --
7 the Clinton Group was evicted from the space in
8 early 2020, correct?

9 MR. SACK: Objection to form.

10 A. I think it was actually late 2019.

11 Q. Okay. And -- and that was because the
12 Clinton Group had fell behind on its rent
13 obligations?

14 A. That's not exactly the situation, but
15 that was ultimately what -- what led to the
16 situation with the -- with the landlord.

17 Q. Okay. Do you recall that the Clinton
18 Group was sued by the landlord?

19 A. Yes.

20 Q. And is that a lawsuit that's pending
21 today?

22 A. What -- what time period are we
23 talking about?

24 MR. PEARLSON: Why don't we -- can we
25 take out what's been marked as, I think it's Hall-82

CONFIDENTIAL

Page 295

1 for identification.

(Exhibit Hall-82, Complaint filed in
the Supreme Court of the State of New York, World
Gold Trust Services, LLC v. the Clinton Group, Inc.,
is marked for identification.)

6 Q. Mr. Hall, I'm going to show you what's
7 been marked as Hall-82 for identification. It's a
8 complaint filed in the Supreme Court of the State of
9 New York, World Gold Trust Services, LLC v. the
10 Clinton Group, Inc. Have you seen this document
11 before?

12 A. Just looking at the cover page, I
13 believe so, yes.

14 Q. Okay. And is it a fact that the -- the
15 landlord for 510 Madison ended up suing the Clinton
16 Group in New York State Court?

17 A. Yes.

18 Q. Okay. Now, do you know what the
19 current status of that lawsuit is?

20 A. I'm not sure. I'm not sure what the
21 current status is.

22 Q. Okay. And it says at the top, it says,
23 "Filed New York County Clerk May 27, 2020." Does
24 that refresh your recollection that the landlord
25 filed this lawsuit on or about May 27 of 2020

CONFIDENTIAL

Page 296

1 against the Clinton Group?

2 A. Yes.

3 Q. Okay. If you could turn to the second
4 page of the -- of the document, Mr. Hall, I'm going
5 to ask you to direct your attention to paragraph 3,
6 and in the second sentence --

7 A. I'm sorry. What page?

8 Q. Paragraph -- on the second page of the
9 document.

10 MR. CARBONE: Of the complaint.

11 MR. SACK: Go a little bit further
12 into --

13 Q. I'm sorry.

14 MR. SACK: -- the complaint.

15 Q. Page 2 of the complaint.

16 MR. SACK: So turn that one over,
17 George.

18 Q. It's page 4 of 12 on the bottom, and
19 it's page 2 of the complaint.

20 A. 4 of 12 on the bottom.

21 Q. Yeah.

22 A. I got it.

23 Q. Now, Mr. Hall, it says in the -- in
24 paragraph 3 in the second paragraph, on about -- "On
25 or about November of 2018, CGI began to fall behind

CONFIDENTIAL

Page 297

1 on its rent obligations, first by failing to pay
2 rent on a timely basis, then later by stopping
3 payments of rent altogether on or about June of
4 2019." Is that allegation correct?

5 A. I don't recall if there were any
6 payments made after June 2019.

7 Q. Okay. Who would know that?

8 A. I'd have to check the -- check the
9 records.

10 Q. Okay. Who from Sport-BLX -- I mean
11 from the Clinton Group would know when the Clinton
12 Group stopped paying rent to World group -- World
13 Gold Trust?

14 A. Well, there's nobody at Clinton Group
15 now, so I would have to dig it out.

16 Q. Who at the time would have been the one
17 to do that?

18 A. Either Daiana Sersea or Fran
19 Ruchalski.

20 Q. Okay. Now, in paragraph 4 it says,
21 "CGI finally vacated the premises on or about
22 December 13, 2019." Do you see that?

23 A. I'm sorry. Paragraph 4?

24 Q. Yeah. On the same page.

25 A. Yeah. Yep.

CONFIDENTIAL

Page 298

1 Q. Okay. And so does that refresh your
2 recollection as to about when the Clinton Group
3 vacated 510 Madison Avenue?

4 A. Yes.

5 Q. Now, when -- when did Sport-BLX begin
6 making rent payments to the Clinton Group for the
7 space?

8 A. March of 2019.

9 Q. And how long did those payments
10 continue?

11 A. I think they continued through
12 December of -- in terms of payments or in terms of
13 for usage of the space?

14 Q. When -- when did the Sport-BLX
15 make payments, rental payments, to Clinton Group for
16 use of the space at 510?

17 MR. SACK: Objection to form, but you
18 can answer.

19 A. I don't recall the dates of the
20 payments.

21 Q. Okay. Who would -- who would know
22 that?

23 A. Well, at the time it was Francis
24 Ruchalski or Daiana Sersea.

25 Q. Okay. And do you have any idea what

CONFIDENTIAL

Page 299

1 was being done with the payments that -- that
2 Sport-BLX was making to the Clinton Group for rent?

3 A. Well, I don't -- I don't recall the
4 specifics, but there was a significant security
5 deposit that World Gold was drawing down on, so
6 World Gold was -- was -- other than -- so World
7 Gold, as I recall, was whole every month.

8 Q. Through when?

9 A. Through December.

10 Q. Okay. Now, so in terms of the -- what
11 happened with the -- to your knowledge, what
12 happened with the rent payments that Sport-BLX was
13 making to the Clinton Group?

14 MR. SACK: Objection to form.

15 A. What do you mean, what happened to the
16 payments?

17 Q. Were they passed on to the landlord?
18 Were they kept by the Clinton Group? What happened
19 to them?

20 MR. SACK: Objection to form.

21 A. Well, they ultimately -- that amount
22 of cash plus the -- well, the entire balance of what
23 was owed to the landlord was paid to the landlord.
24 Clin- -- Sport-BLX paid a certain amount of money
25 each month for different periods to Clinton Group

CONFIDENTIAL

Page 300

1 for use of that space.

2 Q. And if you'd turn to the next page of
3 the -- of the document, and I'm going to focus you
4 on paragraph 8. It says, "In connection with its
5 efforts to evict CGI, WGTS has learned that several
6 entities, including GlassBridge Enterprises, Inc.,
7 have been occupying the premises in violation of the
8 lease and sublease." Do you see that?

9 A. I do.

10 Q. Did Clinton Group ever get permission
11 for GlassBridge to occupy the premises?

12 MR. SACK: Objection to form. Lacks
13 factual foundation.

14 A. This sentence is just the drama and
15 false statements of a typical lawsuit.

16 Q. Well, that's not -- that's not my
17 question.

18 A. Well, I'm -- I'm finishing my answer,
19 if I may.

20 Q. Sure.

21 A. GlassBridge did not use any space.

22 Q. Okay.

23 A. GlassBridge didn't have any employees.

24 Q. So is it fair to say that Glass- --
25 that -- that you did -- Clinton Group did not seek

CONFIDENTIAL

Page 301

1 permission for GlassBridge to occupy the premises?

2 A. That is correct.

3 Q. Okay. Is it also true that Clinton
4 Group did not seek permission for Sport-BLX to
5 occupy the premises?

6 A. Correct.

7 Q. Did anyone ever tell you that the
8 landlord's permission was required for Sport-BLX to
9 occupy those premises?

10 MR. SACK: Objection to form, and just
11 to caution the witness about attorney-client
12 privilege.

13 A. I don't believe it was required.

14 Q. Okay. And what is that belief based
15 on?

16 A. I took a look at sections of the
17 lease, and I -- I was satisfied that it wasn't
18 necessary.

19 Q. Okay. So you actually reviewed the
20 lease at some points to see if a sublease was
21 permitted?

22 A. Not the entire lease. And we didn't
23 really call it a sublease. We just -- it was a
24 reimbursement of expense, which on the pro forma was
25 under the moniker of rent.

CONFIDENTIAL

Page 302

1 Q. Okay. But whatever you called it,
2 wasn't it a fact that Clinton Group had a lease with
3 -- a written lease with World Gold, and in turn, it
4 was getting paid by Sport-BLX to use the same space?

5 MR. SACK: Objection to form.

6 A. It was getting paid for use of a
7 portion of the space and the infrastructure within
8 that space.

9 Q. Do you recall, when you looked at the
10 lease, whether you looked at -- there was a
11 provision about no assignment? Did you look at that
12 provision, section 7 of the lease?

13 A. I don't recall that section.

14 Q. Okay. When did you first engage with
15 the -- prior to the lawsuit, when did you first
16 engage with the -- with the landlord, or someone
17 from the Clinton Group engage with the landlord,
18 concerning the issues arising out of the partial
19 payment or nonpayment of rent?

20 A. A number of times throughout the year.

21 Q. "Throughout the year" being 2019?

22 A. Yes.

23 Q. When did the issue -- when did the
24 landlord first raise the issue with respect to the
25 rent with --

CONFIDENTIAL

Page 303

1 A. I don't -- I don't recall the first
2 time.

3 Q. Okay. If we could look at Hall-40 for
4 identification.

10 MR. CARBONE: This is 40?

11 MR. PEARLSON: Yes, 40.

12 MR. CARBONE: Thank you.

13 Q. Mr. Hall, I'm going to show you what's
14 been marked as Hall-40 for identification. It's the
15 Minutes of the Regular Quarterly Meeting of the
16 Board of Directors of Sport-BLX dated August 14,
17 2019. I'm going to direct you to the second page of
18 that document, which is Bates stamped GBE 0003775.

Now, Mr. Hall, this is dated August 14, 2019. So by this point Clinton Group had stopped paying rent for 510 Madison Avenue, correct?

22 MR. SACK: Objection to form.

23 A. I don't know.

24 Q. Okay. And again, that would be
25 something Mr. Ruchalski would know?

CONFIDENTIAL

Page 304

1 A. I don't know if he would -- I don't
2 know if he would know.

3 Q. Okay. Did you ever report the problems
4 with the landlord to the board of Sport-BLX?

5 MR. SACK: Objection to form.

6 A. No.

7 Q. Did you ever report to the board of
8 Sport-BLX that the Clinton Group had stopped paying
9 rent for the premises?

10 MR. SACK: Objection to form.

11 A. No.

12 Q. Did you ever report to the Sport-BLX
13 board that the landlord threatened to evict the
14 Clinton Group from the premises?

15 MR. SACK: Objection to form.

16 A. At what time period?

17 Q. At any time period.

18 A. Okay. Because we're -- are we still
19 on the August 14?

20 Q. Yes, August 14.

21 A. So at that point we -- I don't think
22 we were threatened to be evicted.

23 Q. Okay. And when was the first time that
24 the landlord threatened to evict Clinton Group from
25 the premises?

CONFIDENTIAL

Page 305

1 A. I -- I think it was in November or
2 December of 2019.

3 Q. Okay. Now, if -- if you -- if you look
4 -- and at that time did you advise the board, the
5 Sport-BLX board, that there was a potential they
6 would be evicted from the space?

7 A. I don't recall if -- I probably didn't
8 say anything about being evicted, but I did tell the
9 board we were not going to be in the space anymore.

10 Q. Okay. And did -- at that point did you
11 look for alternative space for Sport-BLX to occupy?

12 A. We started to look at some other space
13 throughout the year, yes.

14 Q. Okay. And who was involved in that
15 search?

16 A. I don't recall exactly.

17 Q. What -- did you end up signing a lease
18 for Sport-BLX -- on Sport-BLX's behalf for space?

19 A. No.

20 Q. All right. What happened in terms of
21 what space did Sport-BLX use following the eviction
22 from 510 Madison Avenue?

23 MR. SACK: Objection to form.

24 A. Some people worked at home, some
25 people worked from my home in the city, some people

CONFIDENTIAL

Page 306

1 worked from their own homes in New Jersey, and maybe
2 some other -- some people may have worked remotely.
3 Other people worked remotely. I'm not sure what
4 other addresses.

5 Q. Okay. So is it fair to say that
6 Sport-BLX went from 510 Madison Avenue to having
7 really no office, no physical office?

8 A. It had multiple remote physical
9 offices.

10 Q. That was depending on where the
11 individuals were located?

12 A. Well, some of the individuals came to
13 my home in New York, and some of the -- we also had
14 a facility in New Jersey that people were able to
15 use as well, so there was -- Clinton Group had
16 another office with a different landlord separate
17 from this that people began to use.

18 Q. Okay. And did -- did Sport-BLX pay any
19 rent after December of 2019?

20 A. I don't recall exactly. There may
21 have been some minimal payment.

22 Q. Okay. Now, if you -- if you look at
23 this document, again, this is the section that's
24 labeled "Company's Office Space Requirements and
25 Hiring Projections."

CONFIDENTIAL

Page 307

1 A. Yes.

2 Q. And it talks -- if you could read that
3 to yourself, Mr. Hall.

4 A. Okay.

5 Q. Okay. Now, at this time is it fair to
6 say that you -- that you led a discussion about the
7 board -- with the board about the company's needing
8 increasing space for its activities?

9 A. Yes.

10 Q. Okay. And -- and you didn't mention in
11 this meeting that there were problems with the rent
12 at the current space, did you?

13 MR. SACK: Objection. Asked and
14 answered.

15 A. I don't recall.

16 Q. Okay. Do you recall Mr. Salerno asking
17 you either at this meeting or prior to this meeting
18 for the lease for the premises?

19 A. Yes.

20 Q. Okay. When did he do that?

21 A. I think almost every meeting.

22 Q. When did those -- when did those
23 requests start?

24 A. Well, I don't know what you term a
25 request, but the lease issue was initially brought

CONFIDENTIAL

Page 308

1 up, I think, the -- well, let me rephrase that.

2 He brought up the rent allocation of
3 500,000 before he invested. Brought it up numerous
4 times. And then once he made his investment he
5 brought it up -- the first time after making the
6 investment, I believe, was April 11.

7 Q. Okay. And did you ever provide
8 Mr. Salerno with any documents as to how the rent
9 had been determined?

10 A. No.

11 Q. Did you ever give him the analysis or
12 the pro forma by -- business plan by ConsenSys?

13 A. I believe that -- well, that was in
14 the data room, so he saw that.

15 Q. Okay. And did that have any breakdown
16 as to how the \$500,000.00 was determined?

17 A. I -- I don't know.

18 Q. Okay. How did you explain, or did you
19 explain, the breakdown of the \$500,000.00 number to
20 Mr. Salerno?

21 MR. SACK: At what time, Ross?

22 Q. At any time.

23 A. Well, we discussed it so many times,
24 I'm not sure if I -- there's one answer to all those
25 questions.

CONFIDENTIAL

Page 309

1 Q. Well, what was the explanation you gave
2 him for the basis for the \$500,000.00 rent?

3 MR. SACK: Objection to form.

4 A. It was based on the fact -- ultimately
5 it was based on the fact that the company could not
6 have gotten any other space with the same
7 infrastructure at any better price, in my view.

8 Q. Okay. And you had never looked at any
9 other space, had you?

10 A. Well, the -- the spa- -- we generally
11 know what rents are in Manhattan. We know how much
12 space we might need. We also anticipate growth, so
13 if we had gotten a space that just hou- -- just
14 serviced the peo- -- or, you know, was the place of
15 business of the current employees, it wouldn't have
16 allowed for any growth, so we had to anticipate
17 growth, but most importantly, we looked at the
18 non-rent facts around this.

19 I've never heard of a commercial lease
20 without a security deposit, so we assumed that there
21 would be a security deposit. We also assumed that
22 Sport-BLX didn't have the creditworthiness and were
23 pretty confident that it didn't have the
24 creditworthiness to get a typical commercial lease
25 in New York City. But most importantly, the

CONFIDENTIAL

Page 310

1 infrastructure that was created: The computers, the
2 -- the servers, the connections, the -- the backup,
3 the connection to a disaster recovery site, the fact
4 that there were -- there was significant
5 intellectual capacity of Clinton employees that
6 never show up on the Sport-BLX income statement. So
7 the efficiency of no security deposit, no need to
8 buy computers, no need to get software, no need to
9 get a server, no need for various technol- --
10 technology administrators, it was, I think, a
11 generous deal for Sport-BLX.

12 Q. Okay. But you never looked at any --
13 going back to my question, you never looked at any
14 other space, correct?

15 A. No. My answer was all the things that
16 would not have been provided at any other space.

17 Q. Okay. But you didn't look at any other
18 space?

19 A. At what time?

20 Q. Ever for -- for Sport-BLX --

21 A. No, I --

22 Q. -- in 2019.

23 A. I told you before at the end of 2019
24 we did look at some other spaces.

25 Q. Okay. Prior to that?

CONFIDENTIAL

Page 311

1 A. If you give me a time frame, I'll
2 answer the question.

3 Q. Okay. So --

4 A. Prior to when?

5 Q. -- prior -- prior to the end of 2019
6 you didn't look for any other space for Sport-BLX?

7 A. Prior to December 31 of 2019 we did
8 look at space.

9 Q. Okay. When did you do that?

10 A. Sometime probably in the third or --
11 third quarter of -- third or fourth quarter of 2019.

12 Q. Okay. And where did you look?

13 A. I don't recall. I didn't look
14 specifically.

15 Q. Did you end up signing a lease for that
16 space?

17 A. For which company?

18 Q. For -- for Sport-BLX.

19 A. No.

20 Q. Now, when -- did you -- the things you
21 -- all the things you just told me, did you tell
22 Mr. Salerno those things?

23 A. I'm confident that we told him most of
24 those things, yes.

25 Q. Okay. Was that ever in writing?

CONFIDENTIAL

Page 312

1 A. I don't recall.

2 Q. Was that at a board meeting?

3 A. I don't recall.

4 Q. So why do you say you're confident you
5 told Mr. Salerno all those things we just went over?

6 A. Well, we talked to him before he
7 invested. As far as I know, those weren't recorded,
8 and we didn't take minutes of the pre-investment
9 meeting that he had at the space.

10 Q. How about post-investment?

11 A. We talked in generalities about the
12 need for space, the amount of space that was being
13 used, the fact that an allegation of having only
14 five employees was just fantasy, and we -- we talked
15 about the infrastructure, you know, things -- the
16 security deposit, things that made this a beneficial
17 deal for Sport-BLX.

18 Q. What -- what did you do when he asked
19 for the lease? What did you tell him?

20 A. There was no lease.

21 Q. Okay. And what did he say?

22 A. He -- his view was we needed a lease.

23 Q. Okay. And did you ever tell him that
24 -- that, you know, the -- you hadn't approached the
25 landlord about the -- about a lease, a sublease?

CONFIDENTIAL

Page 313

1 A. I don't recall if we had that
2 discussion.

3 Q. Did you ever tell him that Clinton
4 Group had stopped paying the rent on the property?

5 MR. SACK: Objection to form.

6 A. I don't believe so.

7 I'll also add that I -- I had said
8 before that they were making deductions to keep
9 themselves current on the security deposit. So they
10 were getting paid the rent. The security deposit
11 was declining, but they were getting paid the rent.

12 Q. Okay. But that didn't stop them from
13 suing you, correct, Clinton Group?

14 A. As I said, that was a complex
15 situation, and it's not as simple as you've alleged.

16 Q. Okay. But they did sue you?

17 A. They did sue me.

18 Q. And they did evict you?

19 A. They did.

20 Q. And isn't it a fact that the
21 landlord --

22 A. The eviction was not as a result of
23 the lawsuit.

24 Q. The -- the -- I'm not -- that wasn't my
25 question.

CONFIDENTIAL

Page 314

1 A. Okay.

2 Q. Isn't it a fact also that the landlord
3 just was granted summary judgment on liability for
4 the nonpayment of rent?

5 A. Yes, but the -- here's where I'm -- I
6 said I don't entirely know the status of this
7 because what's at issue is the -- the damages, which
8 I believe is still pending.

9 Q. And the lawsuit is still pending?

10 A. Well, you just told me there was a
11 summary judgment, so I'm gonna just say I'm -- I'm
12 not entirely sure of the process, but it's not been
13 completely resolved is my understanding as a lay
14 person, and that's -- in between the start and where
15 we are now, I'm not really sure of everything that's
16 happened.

17 Q. Now, Mr. Hall, did you submit a -- a --
18 a sworn declaration in the lawsuit?

19 A. I believe so.

20 MR. PEARLSON: All right. Can we show
21 him 85?

22 (Exhibit Hall-85, Declaration in
23 Opposition in the World Gold Trust v. Clinton Group
24 matter, is marked for identification.)

25 Q. Okay. Mr. Hall, I'm going to ask you

CONFIDENTIAL

Page 315

1 to look at a document that's been marked as Hall-85
2 for identification. It's a document that's entitled
3 Declaration in Opposition. Do you see that?

4 And --

5 A. Yes.

6 Q. And do you recognize that as a
7 declaration you submitted in connection with the
8 World Gold Trust v. Clinton Group lawsuit?

9 A. I see my signature at the end, so I
10 assume, yes.

11 Q. Were you aware that you were submitting
12 that document under oath?

13 A. Yes.

14 Q. Okay. Now, if you could turn to
15 paragraph 9 of the document, and I'm going to ask
16 you to read that paragraph to yourself.

17 A. Okay.

18 Q. Okay. It refers to a perfect storm of
19 business downturn, in the first sentence, made it a
20 very difficult year for CGI. What was the perfect
21 storm of business downturn that you were referring
22 to in that paragraph?

23 A. Well, it was primarily redemptions in
24 our main strategy that caused a reduction in monthly
25 revenues at Clinton Group.

CONFIDENTIAL

Page 316

1 Q. Okay. When you say "redemptions,"
2 these are redemptions by investors?

3 A. Yes.

4 Q. And there were unusual large number of
5 redemptions in that year?

6 A. I don't recall in this year, but over
7 the previous couple of years.

8 Q. Okay. And what was the impact on the
9 Clinton Group caused by those redemptions?

10 A. Well, it had less monthly revenues.

11 Q. And -- and then you also refer to --
12 and how many years had that been happening, this
13 redemption issue that you just mentioned?

14 A. Well, I don't know what the peak was,
15 so redemptions from -- from the peak, anytime the
16 assets go down there's -- there's a net redemption.
17 Then there are times where it goes back up, and then
18 times it goes back down, so I don't know month to
19 month what it is.

20 Q. Okay. Do you have -- on a yearly basis
21 do you have any idea how -- over what period of time
22 the -- the amount of redemptions had increased, and
23 the amount of funds had gone down?

24 A. I believe 2017-18 was a period of
25 large redemptions.

CONFIDENTIAL

Page 317

1 Q. Okay. And those were difficult years
2 for Clinton Group?

3 A. Eh, I don't -- I don't recall
4 specifically. There was still a fair amount of
5 assets under management, so I'm not sure what
6 "difficult" really means.

7 Q. Okay. Was -- but was 2019 a difficult
8 year, as per your declaration?

9 A. 2019 was a transition year for the
10 firm, so it was difficult in terms of month-to-month
11 cash flow, but, you know, it -- Clinton was in the
12 process of, you know, reinventing what it was
13 working on, and there was a mismatch of revenues and
14 expenses.

15 Q. Now, in terms of -- in terms of the
16 transition you just described, can you describe for
17 us what, exactly, that involved in terms of the
18 Clinton Group, I believe you used the term
19 reinventing, its business model?

20 A. Well, we started to spend a lot of
21 time working on transactions for GlassBridge, and so
22 that is not the type of work that causes -- you
23 know, that leads to monthly revenues but could
24 potentially be extraordinarily valuable or
25 profitable.

CONFIDENTIAL

Page 318

1 Q. What kind of work was it or services
2 was Clinton Group providing to GlassBridge?

3 MR. SACK: What period, Ross?

4 MR. PEARLSON: When he's talking about
5 the transition, I believe, in 2019.

6 MR. SACK: Okay.

7 A. Yeah. Still in -- in 2019 the focus
8 was -- among other things, but primary focus was to
9 get capital into GlassBridge.

10 Q. Okay. And who was responsible for that
11 process?

12 A. Well, Clinton Group had signed a
13 services agreement with GlassBridge to effectively
14 manage the operations and try to recapitalize the
15 company, so ultimately Clinton Group was responsible
16 for that.

17 Q. And anybody in particular at the
18 Clinton Group?

19 A. Well, Daniel Strauss primarily was
20 working on GlassBridge. Daniel -- Joe De Perio was
21 also the chairman of GlassBridge, so -- so he had,
22 you know, some -- some involvement in the overall
23 strategy. We had some outside consultants we used,
24 so there were a lot of people focused on
25 GlassBridge.

CONFIDENTIAL

Page 319

1 Q. And what was -- what would be the
2 Clinton Group's role in the recapitalization of
3 GlassBridge?

4 A. To find someone with capital that
5 wanted to invest in GlassBridge and then to bring
6 that transition to fruition.

7 Q. And what was GlassBridge's capital
8 situation at the time that you were looking at this
9 reinventing of Clinton Group and recapitalization of
10 GlassBridge?

11 A. I don't -- I don't recall what the
12 capitalization was.

13 Q. Okay. Do you know if it had negative
14 capital at the time or positive capital?

15 MR. SACK: I -- I think --

16 Q. GlassBridge.

17 MR. SACK: I think you might want to
18 be a little bit more particular about time, given
19 that you're talking about --

20 Q. No. We're talking about a transition
21 period, I believe, at the end of 2019, correct?

22 A. No, sir. We're talking about 2019. I
23 said from 2018 to '19.

24 Q. Okay. So --

25 A. Not the end of 2019.

CONFIDENTIAL

Page 320

1 Q. Okay. So in 2019 did the -- did
2 GlassBridge have -- do you know whether it had a
3 positive or negative capital situation?

4 A. Can you define "capital" for me?

5 Q. What's your understanding of the term?

6 A. I'm -- I'll use whatever term you
7 like. I'll answer your question.

8 Q. On its balance sheet was it showing
9 positive or negative capital situation?

10 MR. SACK: Objection to form, but you
11 can try to answer that.

12 A. From a -- from a balance sheet or a
13 GAAP standpoint, I don't recall.

14 Q. Okay. Do you know who would know that?

15 A. Any -- any accountant that looks at
16 the publicly issued financials.

17 Q. Okay. Now, in your -- going back to
18 your declaration, in paragraph 9 it refers to that
19 -- it says, "Furthermore, certain of its affiliates
20 were beginning to thrive."

21 What affiliates are you talking about
22 at that period that were beginning to thrive?

23 A. Well, GlassBridge was beginning to
24 thrive in 2019, and we believed Sport-BLX was
25 beginning to thrive.

CONFIDENTIAL

Page 321

1 Q. Can you tell us first how GlassBridge
2 was beginning to thrive in 2019?

3 A. So GlassBridge got a pretty
4 significant injection of capital in October of 2019.

5 Q. From whom?

6 A. Orix. Not the technical corporate
7 name, but Orix something.

8 Q. Okay. So -- and that was -- when
9 you're saying it was beginning to thrive, it was
10 because of that injection of capital from Orix?

11 A. Yes.

12 Q. All right. Was there anything else
13 that led GlassBridge to thrive in 2019?

14 A. GlassBridge had another investment in
15 a company called ARRIVE, which I think was also
16 doing well.

17 Q. What about Sport-BLX; how was Sport-BLX
18 thriving in 2019?

19 A. Well, we had created a company that
20 started out with a nine-and-a-half-million-dollar
21 valuation. We had investors that subsequently
22 invested at higher valuations. We had built a
23 technology platform that we hoped would have some
24 value in the context of the business. We had met
25 many, many sports figures in terms of families of

CONFIDENTIAL

Page 322

1 athletes, agents, wealth managers, so we developed a
2 pretty strong network. We developed a pretty strong
3 brand, I believe. We did a tremendous amount of
4 work on legal and structures that were going to be
5 valuable to the business, and we had, I think, a
6 pretty -- pretty strong business plan in --
7 throughout the year.

8 Q. And did Sport-BLX, in 2019, enter into
9 any contracts with athletes?

10 A. No contracts. Correct.

11 Q. Did it generate any revenues in 2019?

12 A. No.

13 Q. Now, if we could look at -- turn to
14 paragraph 26 of your declaration. I'll just ask you
15 to read that paragraph to yourself.

16 A. Okay.

17 Q. Okay. Now, it says here they were --
18 it was considering the possible sublet of the
19 premises to another company, and then in parens,
20 Affiliate No. 1. Is Affiliate No. 1 GlassBridge?

21 A. Yes.

22 Q. Okay. And GlassBridge is a publicly
23 traded entity, correct?

24 A. Yes.

25 Q. Okay. Now, if you could turn to the

CONFIDENTIAL

Page 323

1 next page, paragraph 30.

2 A. Mmm.

3 Q. It says -- and if you could read that
4 to yourself.

5 A. Okay.

6 Q. Now, is Affiliate 2 Sport-BLX?

7 A. Well, it doesn't specifically say, but
8 I believe that's correct.

9 Q. Okay. And -- and you were going -- and
10 it says you intended to raise Sport-BLX's use of the
11 subject premises to the board of Sport-BLX at its
12 next meeting, correct?

13 A. Okay. I see that.

14 Q. Okay. And did you raise it with
15 Sport-BLX at the -- at the next meeting?

16 MR. SACK: Objection to form.

17 Q. Let me ask you this, Mr. Hall. Looking
18 at this paragraph, it also says, "Before I could
19 bring it to the entity's board for approval, I
20 needed a final set of terms for the negotiated
21 sublease with World Gold." Do you see that?

22 A. Yes.

23 Q. Why is that? Why did you need to have
24 a final set of terms for the negotiated sublease
25 with World Gold, the landlord, before you could

CONFIDENTIAL

Page 324

1 bring it to the entity's board for approval?

2 A. So we had agreed-upon terms in terms
3 of the rent payment and in terms of security
4 deposit, and then we were ready to go to
5 documentation and sign, and then World Gold reneged
6 on those terms.

7 Q. But why did you need to have a -- a --
8 a negotiated sublease with World Gold before you
9 could go to the Sport-BLX board for approval?

10 A. I -- the real key was the -- was the
11 GlassBridge part.

12 Q. Well, we're talking about Sport-BLX in
13 paragraph 30, correct?

14 A. Okay. So this says "In addition to
15 Affiliate 1." So I'm sorry. Go ahead.

16 Q. No, my question was with that sentence
17 I just read to you. Isn't it a fact that Sport-BLX
18 was already occupying the space?

19 MR. SACK: Objection. Asked and
20 answered. I don't think there's an issue.

21 A. Sport-BLX employees were using space.

22 Q. And Sport-BLX was paying for the use of
23 that space?

24 A. It was reimbursing Clinton for the use
25 of that space.

CONFIDENTIAL

Page 325

1 Q. Okay. And it was doing so without a
2 negotiated sublease with World Gold, correct?

3 A. Correct.

4 MR. SACK: Objection.

5 Q. And it did that for the entire period
6 in 2019?

7 A. Correct.

8 Correct with something I'm not sure
9 about between the middle of December and the end of
10 December, as I mentioned before.

11 Q. Okay. Now, previously, Mr. Hall, we
12 were talking about that Mr. Salerno had made a
13 request for the lease from Sport-BLX, correct? Or
14 from you, I should say, in particular?

15 MR. SACK: What's the question, Ross?

16 MR. PEARLSON: Let me -- let me
17 rephrase it. It was a badly phrased question.

18 Q. Mr. Hall, isn't it the case that
19 Mr. Salerno had requested that you provide him with
20 a copy of the lease?

21 A. Which lease?

22 Q. The lease for the prem- -- Sport-BLX'S
23 use of the premises at 510.

24 A. He did request that.

25 Q. Okay. And that was part of a broader

CONFIDENTIAL

Page 326

1 series of requests he made for information from
2 Sport-BLX, correct?

3 A. What time frame?

4 Q. In the spring of 2019.

5 A. Can you be more specific?

6 MR. PEARLSON: Could we show him
7 Hall-25?

8 A. Thank you.

9 (Exhibit Hall-25, One-page email from
10 Michael Salerno to George Hall dated May 21, 2019,
11 with two-page attachment Bates stamped
12 CYPRESS_00001215 through 1217, is marked for
13 identification.)

14 Q. Mr. Hall, I'm going to show you what's
15 been marked as Hall-25 for identification. It's a
16 document Bates stamped CYPRESS_00001216 through
17 1217.

18 MR. CARBONE: Ross, I have 1215 on my
19 first page.

20 MR. PEARLSON: Oh, I'm sorry. 1215.
21 Sorry. I skipped the cover. Thank you, Chris.

22 Q. If you could turn to the second page of
23 the document?

24 A. Yes.

25 Q. I'm going to ask you do you recognize

CONFIDENTIAL

Page 327

1 it?

2 A. Yes. The format looks different, but
3 I recognize it.

4 Q. Okay. Was this part of a -- a request
5 for information that Mr. Salerno submitted to you
6 and Mr. De Perio in May of 2019?

7 A. Well, looking at this, it's for myself
8 and Marc Gross. I don't see Mr. De Perio.

9 Q. Okay. Do you know whether these
10 requests were given to Mr. De Perio at some point?

11 A. I don't know specifically.

12 Q. Okay. And -- and if you look at the
13 top of the document, this is being submitted by
14 Mr. Salerno as a founding shareholder and director
15 of Sport-BLX. Do you see that?

16 MR. SACK: Well, that's what it says.

17 Q. That's what it says?

18 A. That is what it says.

19 Q. Okay. Would you disagree that as of
20 May of 2019 that Mr. Salerno was a -- in fact, a
21 founding shareholder and director of Sport-BLX?

22 A. I'm not sure what he meant by the term
23 "founding shareholder." I don't believe we ever
24 used that term.

25 Q. For him?

CONFIDENTIAL

Page 328

1 A. For anybody.

2 Q. Okay. And when --

3 A. Other than Joseph De Perio and myself.

4 Q. He, in fact, bought shares in the
5 founders' round of -- of the company, correct?

6 A. I think that's distinct from being a
7 founding shareholder, but yes, he did buy shares in
8 the founders' round.

9 Q. Okay. Now, Mr. Hall, do you recall
10 reviewing these requests at the time they were
11 provided to you?

12 A. In general, yes.

13 Q. Okay. What -- what did -- how did you
14 respond to Mr. Salerno's request for information in
15 May of 2019?

16 A. I don't recall exactly.

17 Q. Did you provide him with any of the
18 information on the list?

19 A. Well, I'm not sure -- let's see.

20 MR. SACK: I'm going to object to the
21 form. Do you want to go through each of the 25,
22 Ross?

23 MR. PEARLSON: Well, no, he can --

24 MR. SACK: I don't think it's -- I
25 don't think it's a fair question to have the witness

CONFIDENTIAL

Page 329

1 look through each of the 25 and try to figure that
2 out.

3 Q. Well, I'd -- I'd -- I'd like you to --
4 MR. SACK: There's 25 specific
5 requests.

6 MR. PEARLSON: Okay. I understand
7 that, Jonathan.

8 Q. If you could look through the
9 requests, --

10 A. Um-hum.

11 Q. -- and then I'm going to ask you
12 whether you recall providing Mr. Salerno any of the
13 information he requested in -- in this document. So
14 take your time.

15 A. Between May 21 and May 31?

16 Q. Ever.

17 A. Oh. Most of this he was -- well,
18 let's go -- let's go through it.

19 I believe minutes -- minutes of
20 shareholder meetings he was provided. Minutes of
21 board meetings he was provided. I don't recall
22 providing him cash on hand. The investment by John
23 Howe was provided to him.

24 Q. What was the answer to that question,
25 No. 5?

CONFIDENTIAL

Page 330

1 A. You want me to tell you what the
2 answer is?

3 Q. Yes.

4 A. Okay. John Howe invested 250,000 into
5 the company.

6 Q. Okay. And what were the terms of his
7 investment?

8 A. I believe it was about \$200.00 a
9 share.

10 Q. Okay. Do you know how that price was
11 determined for Mr. Howe?

12 A. That was the same price as the second
13 part of the Salerno investment.

14 Q. Okay. And -- and were there any
15 underlying valuations or projections for that price?

16 A. Well, as I mentioned in the previous
17 deposition, the -- what was provided was the data
18 room was made available. The data room had pro
19 formas. The pro formas showed potentially
20 significant revenues. The first round was at a
21 nine-and-a-half-million-dollar valuation. The --
22 between the progress and the -- the potential of the
23 business, we attempted to raise money at a higher
24 valuation.

25 Q. Okay. And who -- who determined the

CONFIDENTIAL

Page 331

1 price that Mr. Howe paid and Mr. Salerno paid for
2 that second round?

3 A. Well, --

4 MR. SACK: Objection to form.

5 A. -- two different -- two different
6 questions, and I'll answer them individually, if I
7 may.

8 We -- we were -- Joe De Perio was in
9 discussions with Salerno about investing at some
10 valuation, which I don't recall exactly what it was,
11 for one investment. I believe it was Mr. Salerno's
12 request that it be split into two share purchases:
13 One at the original price, and one at a price of --
14 one at \$95.00 a share and one at \$200.00 a share.

15 Q. So my question is who at Sport-BLX made
16 the determination that the \$200.00 share price was
17 appropriate?

18 MR. SACK: Objection to form. Your
19 question was who determined it?

20 MR. PEARLSON: Yes. Who determined
21 it.

22 MR. SACK: It was an arm's length
23 transaction.

24 MR. PEARLSON: Jonathan --

25 MR. SACK: So two parties --

CONFIDENTIAL

Page 332

1 MR. PEARLSON: Jonathan --

2 MR. SACK: -- determined it.

3 MR. PEARLSON: Jonathan, stop.

4 Q. Who from Sport-BLX made the
5 determination to sell shares to the investors at
6 \$200.00 a share?

7 A. I think it was -- the original
8 transaction at \$200.00 a share was a request by
9 Mr. Salerno.

10 Q. Okay. And on what basis did -- I
11 believe it was \$200.18 a share.

12 A. I'll take your word for it.

13 Q. Okay. So how -- how -- who on the
14 Sport-BLX side determined that that price was an
15 appropriate price to sell the shares to Mr. Salerno?

16 A. Well, that price was -- I believe the
17 \$200.18 a share was the equivalent of a pre-money
18 valuation of \$25 million.

19 Q. Okay. And what support, if any, was
20 there for the \$25 million pre-money evalu- --
21 valuation that supported that price?

22 A. Well, that's -- that's just a
23 transaction between a buyer and a seller, a willing
24 buyer and a willing seller. I believe the -- I
25 don't recall exactly the specifics of the -- of the

CONFIDENTIAL

Page 333

1 conversation, but I believe that was what
2 Mr. Salerno requested and what we agreed would be
3 acceptable to the company.

4 Q. Okay. But in determining it was
5 acceptable to the company, are you just saying that
6 it sounded right; you didn't rely on any
7 documentation or specific calculations or analysis?

8 MR. SACK: Objection to form.

9 A. As I said before, we -- the initial
10 round we did at nine and a half million dollars we
11 had a reasonable investor response. We were able to
12 raise money. That was based on the concept, the
13 idea, and the business plan. The concept, the idea,
14 and the business plan didn't change for a while;
15 however, the progress and potentially the
16 appreciation of the business plan, some of the
17 success we were having with the plan, led us to
18 believe the valuation should be -- could be higher,
19 and that would be beneficial for the original
20 shareholders.

21 Q. And when you sold the shares, I
22 believe, did -- did you indicate that you said that
23 Mr. Howe made his investment at the same price?

24 A. He made an investment into the company
25 at the same price.

CONFIDENTIAL

Page 334

1 Q. Okay. And what success, in your view,
2 between the time of the founders' round and the
3 second round justified the increase in price?

4 MR. SACK: Objection to form.

5 A. Well, the founders' round began in
6 December, and the last investment in the founders'
7 round was Mr. Salerno, but that was at his request,
8 which we accommodated. I don't recall the previous
9 last investment into the founders' round, but it was
10 before Mr. Salerno's. So I'm happy to answer the
11 question on the progress, but as of what date?

12 Q. As of the time that you sold the
13 additional shares to Mr. Howe.

14 MR. SACK: I'm sorry. Between when
15 and when? From when to when?

16 Q. Between the founders' round and the
17 time you sold the shares.

18 MR. SACK: But the founders' round was
19 a period of time. It wasn't one date.

20 Q. When the -- when the founders' round
21 ended, and when you offered shares to Mr. Howe, or
22 he invested, I should say.

23 A. Well, there's still some confusion as
24 to when the founders' round ended, but the progress
25 to that approximate time was just a response from a

CONFIDENTIAL

Page 335

1 lot of meetings that we had had. For example, we
2 met with lots of people in the sports world, and
3 this concept that we had developed actually seemed
4 like it was a tremendous opportunity in that it
5 would be even potentially easier to attract assets
6 to list on the exchange than -- than we had
7 anticipated.

8 Q. So is it fair to say that the increase
9 in the share price that you offered to investors was
10 based on the indications of interest or enthusiasm
11 from meetings with sports agents and athletes?

12 A. I think in an early stage company like
13 this you've got a pro forma, which generally in a
14 early stage venture capital business has pretty
15 significant potential, that's why people look at
16 these things, so much so, as we pointed out, that
17 the variables can make the value- -- could make any
18 attempt at valuation wildly volatile, so there
19 wasn't a lot of accuracy to it. So it really comes
20 down to what investors are willing to pay.

21 Q. Now, if you could continue, Mr. Hall,
22 going through the list, and you could tell us what
23 information you provided to Mr. Salerno in response
24 to his requests contained in this document.

25 MR. SACK: I'm going to object to

CONFIDENTIAL

Page 336

1 form, to the whole line of questions given the --
2 the detail in the list and the period of time we're
3 talking about, but if Mr. Hall can try to answer --

4 MR. PEARLSON: That's kind of
5 interesting, --

6 MR. SACK: -- to his best --

7 MR. PEARLSON: -- considering you were
8 objecting to me trying to do a -- a general question
9 to him about the document and what information he
10 provided. You said there are 25 requests, and we
11 have to go through the 25 requests. So now we're
12 going through the 25 requests, per your --

13 MR. SACK: I understand.

14 MR. PEARLSON: Per your statement on
15 the record.

16 MR. SACK: But you're asking for what
17 information provided over a one or longer year
18 period. That's a very difficult thing to do. It's
19 not a memory -- should -- this should not be a quiz.
20 He'll do his best to respond. It's just very hard
21 to --

22 MR. PEARLSON: Are you done --

23 MR. SACK: -- go through point --

24 MR. PEARLSON: -- with the speaking --

25 MR. SACK: -- by point --

CONFIDENTIAL

Page 337

1 MR. PEARLSON: -- objections, John? I
2 mean, it -- it -- you know, there --

3 MR. SACK: The question is so im- --

4 MR. PEARLSON: -- there's a -- it
5 should be, properly, "objection to form," and that's
6 it. Not a -- a monologue. So we can either stop
7 the deposition if you want to keep doing the
8 speaking objections, or we can move forward with
9 Mr. Hall's deposition. It's up to you.

10 MR. SACK: What's the question?

11 BY MR. PEARLSON:

12 Q. Mr. Hall, let me -- let me try to be
13 more specific here. There's a -- there's a series
14 of questions about the fund, do you see that,
15 beginning on No. 10, going through No. 18?

16 A. Yes, I see question 10 through 18.

17 Q. Okay. Now, my -- my question is did
18 Mr. Salerno -- had Mr. Salerno been asking you
19 questions about a fund?

20 A. At what time period?

21 Q. Prior to this May document that he sent
22 you, this -- this formal request for information.

23 A. So prior to this document?

24 Q. Yes.

25 A. Yes, I believe he had asked about a

CONFIDENTIAL

Page 338

1 fund.

2 Q. Okay. And what fund was he talking
3 about?

4 A. No one knows.

5 Q. You have no idea what he's talking
6 about?

7 A. No.

8 Q. Do you have any idea -- did he say to
9 you what fund he was talking about?

10 A. A number of times he actually
11 acknowledged that there was no fund.

12 Q. Okay. But here he is asking questions
13 about a fund, which would -- I mean, specifically,
14 he says, "It has been established that at minimum,
15 the president and CEO of BLX had been meeting with
16 potential investors with the intent to raise capital
17 for a fund which would purchase interest in athletes
18 and subsequently sell that interest via BLX." Is
19 that untrue?

20 A. Well, I don't know what that means by
21 "at minimum." I don't think it was established, and
22 I don't -- but we did have meetings with some
23 potential investors.

24 Q. To raise capital for a fund which would
25 purchase interests in athletes and subsequently sell

CONFIDENTIAL

Page 339

1 that interest via BLX?

2 A. We -- the original idea for a fund, I
3 believe, was -- came from someone who was having
4 discussions with some entities in Qatar, and
5 sovereign wealth funds -- the sovereign wealth funds
6 many times invest in funds, so there was some
7 potential that they wanted to put money into a fund
8 for this purpose.

9 Q. So had BLX been involved in efforts to
10 raise capital for a fund that would function in the
11 manner described in No. 10; yes or no?

12 A. Well, let me read it carefully.

13 Other than Qatar, I don't know what
14 potential invest- -- I don't recall potential
15 investors.

16 Q. Okay. Was it still being discussed at
17 that point, the time of this request, that there
18 would be a fund that would purchase interests in
19 athletes and that would be sold through the BLX or
20 Sport-BLX platform?

21 MR. SACK: Objection to form.

22 A. So there's never a deterministic would
23 be for the fund. That's up to the fund investors to
24 decide if they want to invest or not. So there was
25 the potential to have an affiliation with a fund

CONFIDENTIAL

Page 340

1 that may do what this suggests, but there's never a
2 -- and this says "intent." You said "would
3 purchase." So the intent to raise capital for a
4 fund, I don't think I spoke to any investors, and
5 I'm not aware of any investors other than Qatar.

6 Q. Okay. When you say "Qatar,"
7 specifically, what are you talking about when you --

8 MR. SACK: Objection. Asked and
9 answered.

10 Q. I assume it's not the government of
11 Qatar. Or is it?

12 A. No, actually, it is.

13 Q. Okay. And -- and so the idea would be
14 to develop a fund that would purchase these
15 interests in the athletes that would then be traded
16 on Sport-BLX's trading platform?

17 MR. SACK: Objection to form.

18 A. I'm confused by the word "develop."
19 As I said, I don't really know what fund we're
20 talking about, so I'm very -- I'm confused by the
21 whole question of a fund. So if you could be more
22 specific, I'll answer your question.

23 Q. Okay. Well, again, we were talking
24 about the idea of a fund that would be used to
25 purchase interests in athletes and their

CONFIDENTIAL

Page 341

1 contracts --

2 A. Um-hum.

3 Q. -- and then subsequently sell those
4 interests over the Sport-BLX platform.

5 A. Okay.

6 Q. Was that a concept that had been
7 advanced and was being explored in the spring of
8 2019?

9 MR. SACK: Objection to form.

10 A. That was being explored, but what's
11 spoken about here is meetings with potential
12 investors. I don't recall that other than Qatar.

13 Q. Okay. Well, Qatar is one potential
14 investor, correct?

15 A. Correct.

16 Q. But you don't recall any meetings with
17 any other potential investors in the fund?

18 MR. SACK: Objection to form.

19 A. In- -- instead of "the fund," we'll
20 call it a potential fund. I don't recall any other
21 meetings with potential investors in a fund.

22 Q. Did -- did Sport-BLX at this time
23 solicit any other potential investors for the
24 potential fund?

25 A. I don't recall. At the time we were

CONFIDENTIAL

Page 342

1 having discussions with potential partners that
2 could manage the fund, but I don't recall specific
3 investors.

4 Q. Okay. And this -- and the potential
5 fund, --

6 A. Um-hum.

7 Q. -- how would Sport-BLX benefit from the
8 -- as per Mr. Salerno's question No. 14, how would
9 Sport-BLX benefit from the fund?

10 MR. SACK: Objection to form.

11 A. If there was a fund managed by someone
12 other than Sport-BLX, then that would be a
13 continuous source of assets we could sell through
14 the Sport-BLX platform.

15 Q. Okay. And was it ever discussed that
16 Sport-BLX would receive a fee for partnering with
17 the fund manager in the --

18 MR. SACK: Objec- --

19 Q. -- in the potential fund?

20 MR. SACK: Objection to form.

21 A. So it really comes down to what
22 investors want to do. If Qatar came and said the
23 only thing they wanted to do was invest in a fund,
24 then if there was a way for Sport-BLX to benefit, if
25 the fund was big enough, we potentially could have

CONFIDENTIAL

Page 343

1 considered that, but it would have disintermediated
2 the entire Sport-BLX business.

3 Q. I'm sorry. It would have what?

4 A. Disintermediated? It would have made
5 -- is that the --

6 Q. Yes. Could you explain --

7 MR. SACK: Correct word.

8 Q. -- what you mean by that?

9 A. The original Sport-BLX model would
10 have not been possible.

11 Q. And why is that?

12 A. You can't serve two masters. The
13 investors in a fund get the benefit of the increase
14 in value of the fund assets. You can't play that
15 role of general partner for a fund and then also be
16 the same party that's taking out commissions for
17 selling that asset. It's just a terrible conflict
18 of interests.

19 So the fund actually was not something
20 that we wanted to do. We would be happy if an
21 affiliated en- -- and when I say "affiliated," I
22 mean an entity where we had a relationship with
23 where that entity could independently represent its
24 investors and try to go out and make good decisions
25 on doing deals with athletes. Given that we would

CONFIDENTIAL

Page 344

1 have a relationship with this entity, our platform
2 would have its biggest provider of assets that we
3 could list.

4 Q. And it was never contemplated or
5 discussed that Sport-BLX or its affiliate would own
6 an interest in the fund manager?

7 A. Well, if we found the right general
8 partner to -- to be the fund manager at this time,
9 or the time frame we're talking about, there were
10 potential fees that we could get, but they would be
11 limited.

12 The real goal -- and it really boils
13 down to if you have a choice, do you want to make 20
14 percent or a hundred percent, right? When we, what
15 I'll call loosely, underwrite a deal and sell the
16 shares, we get a hundred percent of the fee. If we
17 do it through a fund, we only get 20 percent of the
18 profits. And you can't do both.

19 Q. So how did you respond to Mr. -- or did
20 you respond to Mr. Salerno's questions concerning
21 the fund in -- in or around May of 2019?

22 A. I told him in May of '19 and in April
23 of '19 and probably every month subsequent, there
24 was no fund.

25 Q. Okay. And what was his response to

CONFIDENTIAL

Page 345

1 that?

2 A. Sometimes he said, okay, if you tell
3 me that I'll take your word for it, and then he
4 continued to bring it up.

5 Q. Did he ever tell you that you had
6 represented to him that there would be a fund in
7 connection with Sport-BLX?

8 A. I don't recall. I think he probably
9 did because I do remember explaining to him that
10 there was -- that there was no fund, and if there
11 was an entity that would act as a fund, that it
12 would be apart from Sport-BLX itself.

13 Q. Okay. And just to be clear for the
14 record, your testimony is that you had told him this
15 not only in around this time about the no fund, but
16 previously in April you had also told him there was
17 no fund?

18 A. Actually, I don't recall if it was --
19 if we spoke about it in April, so...

20 Q. Okay. But you have a recollection of
21 -- of advising him at this time, being May of 2019,
22 that there was no fund?

23 A. Subsequent to this, in direct response
24 to this, I -- I don't recall. So I apologize, we
25 tend to go back and forth between anytime during the

CONFIDENTIAL

Page 346

1 year and this specific date. There are many times
2 during the year where I told him there was no fund.
3 There were several times during the year where I
4 told him that if there was a fund, it would likely
5 be unaffiliated with Sport-BLX and -- unaffiliated
6 in a financial way. We would have a relationship,
7 hopefully, with that fund, if it existed. But I
8 explained to him a number of times that fund
9 management was not necessarily in the interest of
10 Sport-BLX.

11 Q. Now, did you ever provide Mr. Salerno
12 with a written request -- I'm sorry -- a written
13 response to his informational requests contained in
14 Hall-25?

15 A. I don't -- well, some of these were
16 provided in writing because he received minutes and
17 notices. I don't think we did a written -- I'm
18 pretty confident we didn't do a written response to
19 the nonmonetary value of each of the shareholders of
20 Sport-BLX. The -- I don't know if we ever shared
21 the names of potential investors.

22 Yeah, I -- I don't recall. I don't
23 know of any document in writing, and I don't recall
24 if we responded to each and every one of these, but
25 many of them we did respond to him.

CONFIDENTIAL

Page 347

1 MR. PEARLSON: Can we show him
2 Hall-26?

3 (Exhibit Hall-26, Three-page May 21 to
4 May 29, 2019, email exchange between Michael
5 Salerno, George Hall, and Joseph De Perio Bates
6 stamped SPORTBLX00048150 through 48152, is marked
7 for identification.)

8 MR. SACK: Ross, do you want to maybe
9 take a break after this document?

10 MR. PEARLSON: Yeah, that's a good
11 idea.

12 Q. Okay. Mr. Hall, I'm going to show you
13 a document that's a string -- an email chain that's
14 been Bates stamped SPORTBLX00048150 through 152.
15 And I'm going to direct your attention to the middle
16 of page 2, where it's an email to you where it says,
17 "Hello, George. See attached request for
18 information, as we discussed."

19 Do you recall that Mr. Salerno had sent
20 you a request for information, the request for
21 information we had looked at previously, in or
22 around May 19 or 20 of 2019?

23 MR. SACK: Just so we're clear, Ross,
24 you're saying that reference to the information is
25 what we were just discussing --

CONFIDENTIAL

Page 348

1 MR. PEARLSON: Yes.

2 MR. SACK: -- in 25?

3 MR. PEARLSON: Yes.

4 MR. SACK: Okay.

5 Q. Is that consistent with your
6 recollection?

7 MR. SACK: Do you follow that, George,
8 what we're talking about?

9 A. So we're talking about the message
10 from Salerno to me at the bottom of the page; is
11 that correct?

12 Q. Right. And do you understand that to
13 refer to the request for information we just went
14 over?

15 A. Well, I don't necessarily know what he
16 was referring to, but...

17 Q. Okay. Did you know -- it says, "See
18 attached request for information, as we discussed."
19 Did he discuss with you that he would be sending
20 you --

21 MR. SACK: I just wanted -- I don't
22 think George is --

23 MR. PEARLSON: Okay.

24 MR. SACK: -- looking at that email.

25 So let's go to page 2 --

CONFIDENTIAL

Page 349

1 MR. PEARLSON: Okay.

2 MR. SACK: -- of this -- oop, sorry,
3 George.

4 THE WITNESS: No, it's fine.

5 MR. SACK: Page 2. Ross is referring
6 to -- to an email --

7 Why don't we just get the record clear?
8 This is an email from Salerno to George Hall, May
9 21, at 2:03 p.m. Is that the one you're pointing
10 him to?

11 MR. PEARLSON: Correct.

12 MR. SACK: Okay. So this is the email
13 that Ross is now asking you about, George.

14 MR. PEARLSON: Right.

15 MR. SACK: So why don't we go --

16 BY MR. PEARLSON:

17 Q. So it says, "See attached request for
18 information, as we discussed." My -- my first
19 question, Mr. Hall --

20 A. Is this the attachment?

21 Q. Well, that's one of my questions.

22 So, Mr. Hall, my first question is do
23 you recall that before Mr. Salerno sent you a
24 request for information that he advised you that he
25 would be making a written request for information

CONFIDENTIAL

Page 350

1 from you and the company?

2 A. I don't specifically recall.

3 Q. Okay. Do you remember him making --
4 sending you any other written requests for
5 information in or around May of 2019 other than the
6 one that was in front of you that we marked
7 previously?

8 A. I don't recall.

9 Q. Okay. And then he -- if you turn to
10 the -- back to the first page of the -- at the
11 bottom of the page 1.

12 A. Yeah.

13 Q. It says, "Per our" -- "George, Per our
14 conversation, you stated there will be a board
15 meeting at the end of June, at which time most of
16 the information that I've requested will be
17 provided, which I expressed I am fine with." Do you
18 see that?

19 A. Yes.

20 Q. So do you recall responding to
21 Mr. Salerno's information request by telling him
22 he'll get it at a board meeting at the end of June?

23 A. Well, I do remember saying we
24 scheduled a board meeting. I think it actually
25 occurred in July.

CONFIDENTIAL

Page 351

1 Q. Okay.

2 A. And as far as the information provided
3 at that board meeting, I don't recall if I re--
4 but I'm not sure that he attended that board
5 meeting.

6 Q. Okay. The next sentence says, "In
7 addition, I expressed that it's only appropriate for
8 you to identify any" terms "that you are not
9 intending to provide to me prior to the board
10 meeting, along with the reasons why." Did you --

11 MR. SACK: I think it was "items," not
12 "terms," so you might want to read that again. I
13 think you used the word --

14 MR. PEARLSON: Oh, I'm sorry.

15 MR. SACK: -- "terms" instead of
16 "items."

17 Q. "In addition, I expressed that it's
18 only appropriate for you to identify any items that
19 you are not intending to provide to me prior to the
20 board meeting, along with the reason why."

21 Did you, in fact, advise Mr. Salerno
22 prior to the board meeting of the -- of the items
23 you were not going to provide to him that he had
24 requested?

25 A. I -- at this time period between May

CONFIDENTIAL

Page 352

1 29 and May 31? What time period?

2 Q. Well, between -- between the time of
3 this email and the board meeting did you ever -- do
4 you recall advising Mr. Salerno, I'm not going to
5 give you these items that you requested in your
6 information request?

7 A. Okay. There were a number of
8 conversations, I don't recall if they fit within
9 this window or after, but I did, I believe, tell him
10 that I wasn't gonna provide information on a fund
11 that didn't exist.

12 Q. Anything else that you recall that you
13 didn't provide him or you said -- told him you
14 weren't going to provide him?

15 A. I don't recall if there was anything
16 else I told him that I would provide him, that I
17 would not provide him.

18 Q. Did you tell him about the discussions
19 you previously referenced in your testimony with
20 Qatar?

21 A. At what time period?

22 Q. Prior to this email. Had you -- had
23 you -- did you ever tell -- well, strike that.

24 Between the time you -- when were the
25 discussions with Qatar about -- concerning the fund?

CONFIDENTIAL

Page 353

1 A. I -- well, prior to -- I don't know if
2 there -- prior to March 8 we were -- we were told
3 that Qatar may be interested in this. There was one
4 individual who was affiliated with the government,
5 and then potentially that led to the possibility of
6 one of the sovereign wealth funds owned by the
7 government of being interested in this.

8 At one point it was -- there was an
9 email from, I believe, the gentleman that was in
10 Qatar to Mike Staisil that Qatar was interested in
11 investing in the company and in a fund. I don't
12 think I ever spoke to -- I don't think I shared that
13 email with Mr. Salerno, and I don't recall if we had
14 any subsequent discussions about Qatar.

15 Q. Did you -- did you share any of the
16 substance of the discussions with Qatar or the fact
17 that there were discussions with Mr. Salerno?

18 A. I did not.

19 Q. Now, if you could look at the paragraph
20 that begins "Lastly." It says, "Lastly, I've
21 contemplated your offer to facilitate a buy-out of
22 my interest on a best efforts basis and would like
23 to take you up on it. At the present time I am
24 willing to sell my position for \$2 million." Do you
25 see that?

CONFIDENTIAL

Page 354

1 A. Yes.

2 Q. Okay. Had you had prior discussions
3 with Mr. Salerno about buying out his interest in
4 Sport-BLX?

5 A. Well, I think he said that he wanted
6 to be bought out, and I said that if we did that I'd
7 have to go out and, you know, add to our capital
8 raising process or at least allow enough capital to
9 buy him out, and I think his response was he would
10 -- we would do that at a price of \$2 million.

11 Q. Okay. Prior to this email had you made
12 an offer to purchase Mr. -- I would say Cypress'
13 shares in Sport-BLX?

14 A. At one point I made a number of ver-
15 -- at several points I made a number of verbal
16 offers. I don't recall if it was before this or
17 after.

18 Q. Okay. Do you recall at what price you
19 made the verbal offers to buy out Cypress' shares of
20 Sport-BLX?

21 A. At what price?

22 Q. Yes.

23 A. It was -- to the best of my recollection
24 -- recollection it was around \$1.6 million.

25 Q. Do you know how that translated into a

CONFIDENTIAL

Page 355

1 price per share for Cypress' shares?

2 A. I think that's roughly about \$200.00 a
3 share.

4 Q. Okay. And at the -- do you -- but you
5 don't recall when those discussions took place?

6 A. I -- I don't.

7 Q. Okay. And do you recall, did you
8 actually present that as a -- as an offer to
9 Mr. Salerno?

10 A. No.

11 Q. Do you recall discussing that \$200.00
12 per share price with Mr. De Perio or anybody at
13 Sport-BLX?

14 A. I most likely discussed it with
15 Mr. De Perio, but I don't recall a specific
16 conversation.

17 Q. Okay. Do you recall why Mr. Salerno
18 wanted to have Cypress' interest in Sport-BLX bought
19 out in or around May of 2019?

20 MR. SACK: Objection to form.

21 A. Well, if you can invest for a million
22 dollars on March 12 and get back \$2 million by May
23 29, I think that's a pretty good return on capital,
24 I would assume.

25 Q. Did Mr. Salerno ever express to you why

CONFIDENTIAL

Page 356

1 he wanted Cypress to be bought out in the spring of
2 2019 in May?

3 A. Yeah, I believe there was some
4 discussions about it's just not working out. Again,
5 I don't know if it was specific -- because we talked
6 about buyout a number of times. I don't know
7 specifically before February -- May 29 or not, but
8 he was unhappy with the relationship and thought we
9 should potentially go our separate ways.

10 Q. What did he express that he was unhappy
11 about in terms of the relationship with Sport-BLX?

12 A. Well, there were so many
13 conversations, a lot of it -- putting a time frame
14 on it is difficult, but he was clearly unhappy that
15 there was no lease, written lease, and he had some
16 concept in his head that there was a fund that
17 people other than Sport-BLX were benefiting from,
18 primarily Joe De Perio and myself, I think, and it
19 just wasn't true. So we couldn't seem to satisfy
20 his allegations that they weren't true.

21 Q. Did you -- well, strike that.

22 What was your view of the \$2 million --
23 do you know what that -- if that translates --
24 strike that. Let me rephrase.

25 He -- he offered to sell Cypress'

CONFIDENTIAL

Page 357

1 position for \$2 million in total, correct?

2 A. That's what it says, yes.

3 Q. To your recollection, does that convert
4 into a \$257.00 per share price?

5 A. I don't -- I'd have to do the
6 calculation, but that could be possible. That could
7 be correct.

8 Q. Okay. And -- and what was your view at
9 the time of a \$257.00 per share price for Sport-BLX
10 stock?

11 A. Well, it was absurd.

12 Q. Why was it absurd?

13 A. Because the company was taking in
14 capital at a price of around \$200.00 a share. So if
15 a company raises capital at \$200.00 a share and buys
16 an investor out at \$257.00 a share, where does the
17 \$57.00 come from?

18 Q. So in your view the -- the -- the
19 reasonableness of the price is determined, in part,
20 by what the investors are willing to pay for their
21 shares when they come in to the investment?

22 A. Well, there's a lot of things that go
23 into the reasonableness of it. However, one -- one
24 test would be is it -- we'll call it -- we'll call
25 it upside down with the company's capital structure.

CONFIDENTIAL

Page 358

1 In other words, are we paying him more than we're
2 able to raise capital at? Somebody has to eat that
3 loss.

4 Q. What was your view of -- of -- you
5 know, you indicated, I believe, that Mr. Howe and
6 Mr. Salerno had purchased shares at \$200.00,
7 approximately. What was your view of the -- as of
8 the end of May, what was the value of the Sport-BLX
9 shares?

10 A. Well, I think at that time the -- the
11 price -- the highest price we could raise capital at
12 was about \$200.00 a share.

13 Q. And you -- you believed that to be the
14 appropriate price per share at that time?

15 A. I don't think --

16 MR. SACK: Objection to form.

17 A. There's not one single price for a
18 company like this. There's a price at which you can
19 raise capital, and then there's a price at which you
20 will -- which investors will buy shares, and then
21 there's a price at which the company would buy
22 shares back from investors. You could call that
23 bid-ask spread, if you want, in industry terms. And
24 for a company like this, the price you would pay is
25 -- has got to be lower than the price you take in

CONFIDENTIAL

Page 359

1 capital.

2 There was also another data point where
3 a shareholder that was in the founders' round sold
4 his shares at approximately \$118.00 a share. So if
5 we look at the data points, there was one
6 transaction that occurred at a much lower price than
7 that.

8 Q. So how did you respond to Mr. Salerno's
9 request for a buyout at \$2 million for Cypress'
10 investment?

11 MR. SACK: Would you like him to look
12 at that email above -- above that that responds?

13 Q. Sure, if that would be helpful.

14 A. Well, I think this was the answer
15 where in the email I said, "As far as buyout, that
16 price is a nonstarter."

17 Q. Did you -- before sending that email
18 did you discuss that with anybody, your response to
19 Mr. Salerno's request for a buyout?

20 A. I don't recall if I discussed it with
21 anybody.

22 Q. Did you ever -- did you counter in any
23 way to Mr. Salerno's request for a buyout at or
24 around this time?

25 A. As I said, I believe I made a number

CONFIDENTIAL

Page 360

1 of verbal offers at different times. I'm not sure
2 if they were before the 2 million or after the 2
3 million.

4 Q. Okay. And do -- other than what you've
5 already testified to, do you have any recollection
6 of specific discussions with Mr. Salerno about
7 buying out Cypress' investment in Sport-BLX?

8 A. We had a number of discussions about
9 buying out Cypress' shares.

10 Q. Okay. And then other than the \$200.00
11 per price share you mentioned, were there other
12 prices discussed?

13 A. I --

14 MR. SACK: Well, he mentioned a
15 different price.

16 Q. I'm sorry. What was the price you
17 mentioned, just to be clear for the record? I
18 thought it was 200 a share, but...

19 A. The price that I was gonna --

20 MR. SACK: Oh. Oh.

21 A. -- purchase at?

22 Q. Yeah, the -- the price -- to be clear,
23 the price that you offered to buy out Cypress'
24 investment at. I believe you mentioned at one point
25 \$200.00 per share. Is that correct?

CONFIDENTIAL

Page 361

1 A. I think what I said was somewhere
2 around a million six. I said there were several
3 different offers, and I think at that time a million
4 six was -- was approximately \$200.00 a share.

5 Q. Okay. And you don't recall when that
6 offer was made?

7 A. I don't recall if it was before or
8 after this.

9 Q. Do you recall what context that offer
10 was made? Was it made in a board meeting? Was it
11 made in -- you know, do you have any recollection at
12 all?

13 A. I think I made an offer to him through
14 Mike Staisil, since he spoke to him pretty
15 frequently, I think.

16 Q. And you have -- you have no
17 recollection of when that was?

18 A. I, at this -- sitting here, I do not.

19 MR. PEARLSON: Okay. Why don't we
20 take a break now?

21 THE VIDEOGRAPHER: It is 1:38 a.m. We
22 are going off the record.

23 MR. CARBONE: Eleven, right?

24 (Recess taken from 11:38 to 11:53
25 a.m.)

CONFIDENTIAL

Page 362

1 THE VIDEOGRAPHER: It's 11:53 a.m. We
2 are back on the record.

3 BY MR. PEARLSON:

4 Q. So Mr. Hall, we were -- when we broke
5 we were talking about certain requests for
6 information that Mr. Salerno had -- had made to you.
7 Is it fair to say that your view of Mr. Salerno's
8 requests for information that day were excessive?

9 MR. SACK: Objection to form.

10 A. I think some of them just made no
11 sense because there was no fund. Other ones were
12 reasonable, but the -- the time frames he put on
13 them were just a complete distraction and
14 potentially not possible to do, given the bus- --

15 THE WITNESS: I'm turning this off,
16 and I'm gonna give it back to you in case I...

17 A. I apologize.

18 So the making requests of very detailed
19 information and demanding it in a week in writing
20 with a cc to the lawyer, while we had lots of
21 business, lots of meetings, lots of traveling to do
22 to advance the business, that seemed inappropriate.

23 Q. Did you view the scope of the request
24 inappropriate, given his role as a director in the
25 company?

CONFIDENTIAL

Page 363

1 A. I think directors are entitled to all
2 the books and records of a company, but the demands
3 in writing and some of the requests go beyond
4 because the requests were about things that didn't
5 exist or demanding that a dashboard be built.
6 That's not a request for a document or information,
7 that's a request for running the business a certain
8 way, and that's not necessarily appropriate for a
9 director.

10 Q. What was your view of Mr. Salerno and
11 his participation as a director of Sport-BLX?

12 MR. SACK: Unlimited by time? At any
13 time?

14 Q. At any time.

15 MR. SACK: I'm going to object to the
16 form, but you can try to answer.

17 A. Well, directors are entitled to
18 information and books and records, but their role
19 primarily is to, with the other directors, agree on
20 business plan and strategy. Ultimately the
21 directors agree on management, and management runs
22 the day-to-day.

23 Q. And as a member of management did you
24 believe it was part of your job to provide the board
25 with the information they needed to make decisions

CONFIDENTIAL

Page 364

1 concerning the strategy and business plan of
2 Sport-BLX?

3 A. Yes, at board meetings and at the
4 appropriate timing, if the information actually did,
5 in fact, exist.

6 Q. Now, at some point did you develop the
7 view that you wanted to remove Mr. Salerno as a
8 director of Sport-BLX?

9 MR. SACK: Objection to form.

10 A. I believe at one point I actually
11 asked him if he would voluntarily resign.

12 Q. Okay. Do you recall when that was?

13 A. I don't recall the date.

14 Q. Do you recall why that was?

15 A. I think his -- I think he was focused
16 on issues that were detrimental to putting together
17 the kind of board that I thought could help the
18 company grow.

19 Q. Okay. And at the time -- first of all,
20 what were those issues that you found detrimental
21 that he was focused on?

22 A. Well, if you think about what board
23 members do, they focus on strategy, they focus on
24 where the business can go, they focus on trying to
25 assist management where they can in terms of the

CONFIDENTIAL

Page 365

1 overall goals of the business. I think it's
2 ineffective, inefficient, and certainly
3 uninteresting to most board members to have
4 continuous debates about an issue that was settled,
5 which is the cost of space, and to have continuous
6 debates about what the monthly office expense was.
7 The line item, using just as a term of art here,
8 forensic analysis of costs is really too micro for
9 the types of board members that I think I wanted to
10 put on the board.

11 Q. And in terms of the office expenses, in
12 addition to paying the Clinton Group rent do you
13 know if Sport-BLX also paid the Clinton Group for
14 use of the computers and the other infrastructure --

15 MR. SACK: Objec- --

16 Q. -- related to 510 Madison?

17 MR. SACK: Objection to form.

18 A. So in terms of office expenses, that
19 would be things like bills from Staples for paper to
20 send out presentations, that was -- Sport-BLX paid
21 its own way for that. So, you know, purchasing
22 things like guidebooks for a Series 7 study for
23 those that were going to take the Series 7 exam,
24 that's an office expense or may be listed under
25 office expense that -- that Sport-BLX pays its own

CONFIDENTIAL

Page 366

1 way. So I think the intent was always to Sport-BLX
2 would pay the -- the expenses -- the direct expenses
3 attributed to its business, and that be would it.

4 Q. My question was a little different one.

5 A. Go ahead.

6 Q. Are you aware if in addition to paying
7 the rent for 510, you know, you had described using
8 the computers and -- and certain infrastructure
9 items. Do you know whether Sport-BLX paid the
10 Clinton Group separately for the use of the
11 computers and the servers and the items that
12 constitute the infrastructure at 510?

13 A. I don't believe there was any charge
14 for use of computers. Certainly there was no charge
15 for the purchase of the computers. There may have
16 been technology charges for things that were
17 specific to Sport-BLX and its technology, but other
18 than that, I don't recall specifically.

19 Q. Who would know the answer to those
20 questions as to what Sport-BLX was paying the
21 Clinton Group for in addition to rent?

22 MR. SACK: Objection to form.

23 A. I don't think the things I enumerated
24 were paid to Clinton Group.

25 Q. Okay. So it's your testimony that

CONFIDENTIAL

Page 367

1 there were no payments beyond the rent?

2 A. I didn't say that.

3 MR. SACK: Objection to form.

4 Q. Beyond the rent and the direct expenses
5 that you just described.

6 MR. SACK: Objection to form.

7 A. If there was a -- I mentioned Staples.
8 If there's a bill for paper, it's paid by an
9 American Express card, it would be paid by
10 Sport-BLX. It's -- I don't recall exactly if it was
11 any kind of a flow-through through Clinton Group,
12 for example. Clinton Group had accounts open with
13 lots of different vendors, so I don't know, there
14 may have been the possibility that something flowed
15 through Clinton Group, but it was for direct
16 expenses to the Sport-BLX business.

17 Q. And you testified that you requested
18 that Mr. Salerno resign from the Sport-BLX board,
19 correct?

20 A. At one --

21 MR. SACK: Objection to -- objection
22 to form.

23 A. At one point I believe that's correct.

24 Q. Do you have any recollection as to when
25 that took place?

CONFIDENTIAL

Page 368

1 A. I don't recall.

2 Q. Do you recall how it took place? Was
3 it by -- in a conversation at a board meeting? Do
4 you recall when?

5 A. I think it was an email.

6 Q. An email?

7 A. I believe so, but I don't know for
8 sure.

9 Q. Do you recall how Mr. Salerno responded
10 to your request?

11 A. I think it was an email that I made
12 the request, but I am not entirely sure. And I
13 think there may be an email in response where he
14 alluded to the concept of I'll think about it.

15 Q. Okay. Did he ever get back to you
16 beyond that?

17 A. No.

18 Q. If we could look at Hall-28 for
19 identification.

20 (Exhibit Hall-28, 11-page email
21 string, top email being from George Hall to Michael
22 Salerno dated 7/20/2019, Bates stamped
23 CLINTON00007033 through 7043, is marked for
24 identification.)

25 O. Before we look at that document,

CONFIDENTIAL

Page 369

1 Mr. Hall, do you -- do you recall that Mr. Salerno
2 was insisting on greater transparency from the
3 management team at Sport-BLX?

4 A. I do recall him using the word
5 transparently a number of time -- transparency a
6 number of times.

7 Q. Okay. And how did you respond to those
8 requests for greater transparency?

9 MR. SACK: Objection to form.

10 A. I think we were reasonably
11 transparent.

12 Q. Okay. If we could turn now to exhibit
13 -- what's been marked as Hall-28 for identification.
14 It's a document that is CLINT- -- CLINTON00007033
15 through 7043. And it's an email chain between
16 yourself and Mr. Salerno. Do you see that?

17 A. Yes.

18 Q. Okay. Now, if you can turn to the --
19 to page 7035?

20 MR. SACK: You should feel free to
21 look through the entire document if you -- if you
22 want.

23 Q. And -- and --

24 MR. SACK: Mr. Pearson will direct
25 you to --

CONFIDENTIAL

Page 370

1 Q. Right. And that --

2 MR. SACK: -- something, --

3 Q. And that goes for --

4 MR. SACK: -- but you can look through
5 the whole --

6 Q. -- any document, --

7 MR. SACK: -- document.

8 Q. -- Mr. Hall. You should tell me if you
9 need additional time to review the entire document,
10 but I'm going to be directing you to specific items
11 here.

12 So Mr. Hall, on 7035 you see there's an
13 email from Michael Salerno at 11:40, and he has item
14 "1. On April 4 you disclosed that a purchase
15 agreement was sent to an investor for 2,244 shares
16 at \$218.00 per share," and then he requests certain
17 information. Do you see that?

18 A. It's a little hard to read in this
19 format, but I do see it, yes.

20 Q. Okay. And does that relate to
21 Mr. Howe's investment that we were discussing
22 earlier?

23 MR. SACK: Objection to form.

24 Q. If you recall.

25 A. I don't recall.

CONFIDENTIAL

Page 371

1 Q. Okay. Now, if you could turn to the
2 page before that, 7034, you see there there's an
3 email from you to Mr. -- well, first he emails you.
4 "Joe/George, I have not received info yet?" And
5 that's in response to the information that he -- he
6 put on 7035. Do you see that?

7 A. Yes.

8 Q. Okay. And that's two days later. Do
9 you see that?

10 A. Yes.

11 Q. Okay. And then your response -- you
12 see your response there to Mr. Salerno?

13 A. Yes.

14 Q. And at the end of it, it says, "And I
15 asked you to stop emailing us both." Was that the
16 first time you had told him to stop emailing you?

17 A. Looks like "I asked" is past tense, so
18 I would assume I asked him once before or a number
19 of times before.

20 Q. Okay. And why did you email and ask
21 Mr. Salerno to stop emailing you?

22 A. Well, if there are things that he
23 thought were best provided by Joe De Perio, there's
24 no need to cc me.

25 Q. Okay. But you -- you asked him to stop

CONFIDENTIAL

Page 372

1 emailing you both.

2 A. I think -- I think that's technically
3 correct. If my point was to email Joe directly and
4 not attach my name, you'd -- I may have asked him to
5 stop emailing us both, just email Joe De Perio.

6 Q. Okay. And -- and -- and in fact,
7 despite what you said, Mr. Salerno kept emailing
8 you, correct, as reflected in this email chain?

9 A. Well, I believe there was a previous
10 one where he said if it's important, I will email
11 you both, so...

12 Q. Okay. And if you -- if you could turn
13 to the first page of the document.

14 And so you see an email from
15 Mr. Salerno that says, "That is the question, hiding
16 acts of malfeasance?"

17 A. I do see that.

18 Q. Had Mr. Salerno accused you and
19 Mr. De Perio of acts of malfeasance?

20 A. I don't know if this is the first time
21 he used the word or if he had used it before.

22 Q. Okay.

23 A. So...

24 Q. Did -- did he give you any specific
25 examples of what he considered potential acts of

CONFIDENTIAL

Page 373

1 malfeasance?

2 MR. SACK: You mean in this time, --

3 Q. Yeah, at --

4 MR. SACK: -- July, or --

5 Q. -- this time frame.

6 MR. SACK: -- earlier?

7 Q. This time.

8 A. I -- I never understood what he --
9 what he meant. I think he -- I'm only speculating,
10 but he constantly asked about a fund, and I
11 constantly kept saying there is no fund.

12 Q. No, I don't want to you speculate,
13 Mr. Hall.

14 A. Okay.

15 Q. So did he -- did he ever specifically
16 mention to you what he considered to be acts of --
17 potential acts of malfeasance?

18 A. No.

19 Q. And then you respond at the top of the
20 page that same day, July 20, "This is why we can't
21 put a high class board together with your idiotic
22 behavior." Do you see that?

23 A. Yes.

24 Q. Okay. So who -- who were the members
25 of Sport-BLX's board as of -- as of July 20, 2019?

CONFIDENTIAL

Page 374

1 A. I don't recall on that specific date
2 who were the board members.

3 Q. Okay. And what efforts had been made
4 -- were there efforts being made to attract
5 additional board members in July of 2019?

6 A. Well, prior to that there was some
7 interest in having David Falk join the board. There
8 were another -- a number of other potential people
9 who we may have considered for the board.

10 Q. What happened with David Falk with the
11 board?

12 A. Well, we just -- as I recall, we
13 didn't follow through with putting him on the board.
14 I think for a time we -- we had him as a -- an
15 advisor to the company.

16 Q. But you never formally asked him to be
17 a -- a member of -- a member of the board of
18 Sport-BLX?

19 A. I don't recall if we ever asked him,
20 but certainly we never put him on the board.

21 Q. Okay. Anybody else that you tried to
22 get on the board prior to July 20?

23 A. I don't remember prior to July 20 who
24 we were -- we were thinking about.

25 Q. Okay. What did you mean when you say,

CONFIDENTIAL

Page 375

1 "This is why we can't put a high class board
2 together with your idiotic behavior"?

3 A. Well, if someone comes to a board
4 meeting and talks about a fund that doesn't exist,
5 that would be confusing, to say the least, to a
6 party that came in good faith and wanted to be on
7 the board and help the company grow.

8 The -- the rent was clearly -- what we
9 termed "rent," the cost of using space, was clearly
10 laid out before we invested -- before Mr. Salerno
11 invested. To keep bringing it up over and over
12 after we had said, both before he invested and
13 after, that that's -- that's the number that we --
14 we put in the pro forma, and that's the number we're
15 sticking with, and we think that number is
16 reasonable, to keep talking about it over and over
17 would not be interesting use of time for the type of
18 board member that we wanted.

19 To throw out words like "malfeasance"
20 without anything to back it up, to refer to
21 something as a "George Hall delay and diversion
22 tactic" because he didn't get what he wanted two
23 days later, all of these things, you put them all
24 together, it would have been humiliating to have a
25 significant sports or financial professional on the

CONFIDENTIAL

Page 376

1 board.

2 Q. You say in the next sentence, "So we
3 will have to work around you." What did you mean by
4 that?

5 A. There were discussions about actually
6 bringing the rent number -- again, what we referred
7 to as "rent" in the pro forma, the cost of space,
8 bringing that directly to a shareholder vote because
9 if I have any understanding of corporate governance
10 in Delaware law, if the shareholders -- the
11 shareholders can vote on certain issues, and that
12 would be, hopefully, the end of it. That it was
13 acknowledged that that's what the shareholders
14 agreed to, or that they at least would agree to at
15 the time of the vote, and we could not have to
16 continue to address the same issue.

17 Q. Was the rent issue ever presented to
18 the shareholders for a vote?

19 A. No.

20 Q. Was there any discussion at this time
21 -- "So we will have to work around you" doesn't have
22 any reference or does it have a reference to
23 Mr. Salerno's role as a director in Sport-BLX?

24 MR. SACK: Objection to form.

25 A. Well, it had to do with taking at

CONFIDENTIAL

Page 377

1 least one issue off the board of directors' plate,
2 the rent, because if there was a shareholder vote,
3 then it really would be a nonissue. We had hoped
4 then it would be a nonissue for Mr. Salerno.

5 Then -- so the -- the other concept
6 that was -- and again, I don't know exactly at this
7 time, but the workaround was to have a separate
8 board of advisors. No official role, not directors,
9 just a group of consultants that we would retain to
10 help the company grow. So some of the people that I
11 think to be -- that I would have been embarrassed to
12 have at a board meeting, if we had him on a board of
13 advisors, we could do that and get the benefit of
14 their counsel.

15 Q. Did you ever try to establish a board
16 of advisors?

17 A. We did. We actually asked David Falk
18 to be on a board of advisors. He was technically --
19 I don't recall technically whether we ever formed
20 the board of advisors, but he was helpful to us as
21 an unaffiliated expert in the -- in the field.

22 Q. Okay. In terms of Mr. Salerno, as of
23 July 20, 2019, had you had any discussions with
24 anyone at this point about trying to remove
25 Mr. Salerno from the board?

CONFIDENTIAL

Page 378

1 A. At this time I don't believe we had
2 discussed removing him from the board, and so I
3 would say at this time frame most likely not.

4 Q. Okay. When was the first time you had
5 any discussions concerning Mr. Salerno's removal
6 from the board?

7 A. When --

8 MR. PEARLSON: Off the record.

9 (Discussion off the written record
10 with the court reporter.)

11 THE VIDEOGRAPHER: It's 12:14 p.m.
12 We're going off record.

13 It is 12:17 p.m. We are back on the
14 record.

15 (Last question is read back by the
16 court reporter.)

17 A. So at this point the -- the workaround
18 was to just get business done while he was on the
19 board, nothing about removing him from the board.
20 The first discussion I remember having about remo-
21 -- the possibility to remove him off the board was,
22 without giving anything up that's privileged, with
23 Delaware counsel.

24 Q. Okay. Do you know -- without getting
25 into the substance of it, do you remember when you

CONFIDENTIAL

Page 379

1 had those conversations with Delaware counsel?

2 A. Somewhere between probably August and
3 September of 2019 in response to the refusal to
4 disclose the shareholders of Cypress.

5 Q. Okay. And what did his -- and we'll
6 get into this, but what did his refusal to provide
7 that information regarding the owners of Cypress
8 have to do with his position as a director?

9 A. Well, this was -- the previous
10 issues that he raised were not huge issues. The --
11 you know, they were potentially time consuming, and
12 I think a lot of wasted time, but not disclosing the
13 LPs actually was going to cripple the business, so
14 we talked about whether -- we talked about --

15 MR. SACK: Object- -- hold on a
16 second.

17 Q. Yeah. Just to --

18 MR. SACK: Yeah.

19 Q. Just to make sure that it's --

20 A. I understand.

21 Q. -- not going into the --

22 A. I understand.

23 Q. -- discussions with counsel.

24 MR. SACK: Yeah.

25 A. I talked about a number of issues on

CONFIDENTIAL

Page 380

1 how to deal with this, and that's the first time I
2 remember thinking about whether he could be removed
3 from the board.

4 Q. Okay. Now, under your agreement, your
5 personal agreement with Mr. Salerno and Cypress, you
6 were obligated to vote your shares in favor of him
7 being on the board at a vote of the -- for the
8 directors, correct?

9 A. Correct.

10 Q. Okay. Based on your conversations with
11 counsel, what, if anything -- strike that.

12 Following your conversations with
13 Delaware counsel, what, if anything, steps did you
14 take to try to remove Mr. Salerno from the Sport-BLX
15 board of directors?

16 A. It was my impression, without
17 disclosing anything disclosed by counsel, from my
18 own research it was my impression that we had no
19 affirmative way to remove him from the board based
20 on his conduct.

21 Q. Okay. Was your -- was it your view at
22 the time also that your agreement to vote your
23 shares in favor of him was a barrier to removing him
24 from the board?

25 MR. SACK: Objection to form.

CONFIDENTIAL

Page 381

1 A. I don't think -- I think we're in the
2 -- you said post this, but I'm talking in the
3 several months post it, the August/September time
4 frame that --

5 Q. Correct.

6 A. -- we're talking about. The -- the
7 discussion was potentially --

8 MR. SACK: Objec- -- uh...

9 THE WITNESS: Not with the lawyer.

10 MR. SACK: Okay.

11 A. Amongst the -- amongst manage- --
12 myself and Joe in particular, maybe the other board
13 members, about whether he could be removed for
14 cause. So it had nothing to do with the two and a
15 half percent; it was whether his behavior as a board
16 member -- if we had the right to remove him for
17 cause.

18 Q. Did you also discuss whether or not you
19 could vote him off the board?

20 A. That was understood that we -- we had
21 to vote our shares -- Joe -- Joe De Perio and myself
22 had to vote our shares for him, but that was not --
23 there was no annual meeting scheduled; that wasn't
24 under consideration. The question at this time
25 period was does his behavior rise to the -- the

CONFIDENTIAL

Page 382

1 point of him being removed for cause by a vote of
2 the other directors.

3 Q. You know, in your testimony you also
4 mentioned a FINRA application. Can you tell us what
5 you mean by that, a FINRA application?

6 A. The -- the way that we had hoped that
7 we could generate revenues was through commissions.
8 Taking an asset, which could be an athlete's
9 contract, securitizing it, and selling shares with a
10 commission attached to it that we would receive at
11 Sport-BLX. To do that, to collect those commissions
12 and to sell shares to the public, you need an -- you
13 need to be regulated by FINRA as a broker-dealer.
14 So we made an application to FINRA.

15 Q. When did the -- the efforts to get a --
16 to make a FINRA application begin with respect to
17 Sport-BLX?

18 A. I don't know when the first -- when
19 the first efforts towards it went, but probably -- I
20 -- I don't know. I don't know exactly.

21 Q. And was it Sport-BLX itself that was
22 going to be the registered broker-dealer, or was
23 there another entity that was going to act as an
24 affiliate of Sport-BLX that would be the registered
25 broker-dealer?

CONFIDENTIAL

Page 383

1 A. Well, I don't know if you would call
2 it an affiliate. It was a wholly-owned subsidiary
3 called BLX Trading that was gonna be -- that was
4 gonna be the applicant for the broker-dealer.

5 Q. Okay. And when was BLX Trading formed?

6 A. I don't recall.

7 Q. Do you -- and in terms of -- in terms
8 of the BLX Trading, it's my understanding from your
9 testimony that it was going to be paid commissions
10 per trade for the -- trading the assets that would
11 be -- the athlete's assets or -- that would be
12 monetized?

13 A. Well, it -- it, itself, didn't trade
14 them. It would facilitate, through the platform,
15 trade between either the athlete and the buyers of
16 the security or shareholders that traded amongst
17 themselves we would facilitate.

18 Q. And that would be done through the
19 platform that had been developed by ConsenSys and
20 paid for by Sport-BLX?

21 A. Well, it was developed with the help
22 of ConsenSys, but very much by Joe De Perio and
23 myself.

24 Q. Okay. And paid for by Sport-BLX?

25 A. Correct.

CONFIDENTIAL

Page 384

1 Q. Now, did Sport-BLX use or employ the
2 services of a consultant in connection with its
3 FINRA application?

4 A. Yes.

5 Q. And who was that?

6 A. Ken Norensberg.

7 Q. And who was Ken Norensberg?

8 A. He has a business called Luxor
9 something, and his business is consulting on various
10 FINRA issues, such as applications for a
11 broker-dealer designation.

12 Q. And did Sport-BLX, in fact, employ
13 Luxor or Mr. Norensberg to assist them in the --
14 assist it in the application process?

15 MR. SACK: Objection to form.

16 A. We -- we hired his firm to do that.
17 We didn't employ him.

18 Q. Okay. And -- and do you know when that
19 took place?

20 A. I don't remember when we first engaged
21 him.

22 MR. PEARLSON: Okay. Can we show him
23 Hall-29?

24 (Exhibit Hall-29, Three-page December
25 10, 2018, email from Ken Norensberg to various

CONFIDENTIAL

Page 385

1 parties Bates stamped SPORTBLX0153548 through
2 153550, is marked for identification.)

3 Q. Mr. Hall, if you could just take your
4 time to look through what's been marked as Hall-29
5 for identification. It's a document that's been
6 Bates stamped SPORTBLX0153548 through 0153550.

7 A. Okay.

8 Q. Okay. Mr. Hall, have you seen this
9 document before?

10 A. I don't recall if I -- one of my email
11 addresses is on the "To" line. I don't recall if I
12 read this specifically or not.

13 Q. Do you remember that -- do you have any
14 -- does this refresh your recollection that you were
15 searching for a consultant to assist with
16 Sport-BLX's FINRA application going back to December
17 of 2018?

18 A. Yes, that was part of the process.

19 Q. Okay. Does this refresh your
20 recollection at all as to when you actually retained
21 Luxor?

22 A. I don't know if he was retained at
23 this point or not. I could read it more carefully,
24 but...

25 Q. Do you see that Mr. Norensberg is

CONFIDENTIAL

Page 386

1 laying out for you some of the requirements for the
2 FINRA application?

3 A. Yes.

4 Q. And do you see that one of those is a
5 -- under d. is a lease and floor plan?

6 A. I do.

7 Q. And it says -- he says in the third
8 paragraph down, "We will need, (for the Form BD) the
9 names of the broker-dealer and the holding company
10 and the formation documents for both"?

11 MR. SACK: Excuse me, Ross. I'm
12 sorry. I don't see where you're -- what are you
13 referring to?

14 MR. PEARLSON: The third paragraph
15 down.

16 MR. SACK: Oh, I see. Thank you.

17 Q. What is the Form BD?

18 A. That's the form that gets filed with
19 FINRA that they review for applicants seeking a
20 broker-dealer license.

21 Q. Okay. And that's the form that the
22 Sport-BLX entity would need to fill out in order to
23 apply to FINRA, correct?

24 MR. SACK: Objection to form.

25 A. Well, we need the Form BD. There may

CONFIDENTIAL

Page 387

1 be other forms that we have to -- I don't know
2 exactly if that's all-inclusive.

3 Q. Okay. But this doesn't refresh your
4 recollection as to when the actual FINRA application
5 process started?

6 A. Well, it looks like it -- I'm not
7 really sure -- maybe you could help me with what do
8 you mean, "started"? This looks to me like Ken
9 Norensberg making a statement as to what has to
10 happen. So when you say "started," what, exactly,
11 would you like me to answer in terms of started?

12 Q. Do you recall who introduced you to
13 Luxor or Mr. Norensberg?

14 A. I don't recall.

15 MR. PEARLSON: If we could show him
16 Hall-30.

17 (Exhibit Hall-30, Three-page May 3
18 through May 8, 2019, email exchange between John
19 Hall, Joseph De Perio, and Ken Norensberg Bates
20 stamped SPORTBLX0092551 through 92553, is marked for
21 identification.)

22 MR. SACK: I'm not rushing you, Ross.
23 I just did want to get a sense of timing, so...

24 MR. PEARLSON: I think we'll just do
25 this document and then take a break.

CONFIDENTIAL

Page 388

1 MR. SACK: Okay.

2 Q. Mr. Hall, I'm going to show you what's
3 been marked as Hall-30 for identification. It's
4 SPORTBLX0092551 through 92553.

5 My first question is do you recall your
6 brother, John Hall, having a role in the FINRA
7 application process?

8 A. I don't recall what his role was, but
9 I think he's the -- one of the few people that had
10 worked at a broker-dealer and was familiar with
11 broker-dealer regulatory requirements, so I believe
12 he was involved.

13 Q. Okay. This email is dated -- and
14 you're not on the email chain, but it's dated May 8,
15 2019. Do you -- do you recall that that was the --
16 at or around that time, that's when they started
17 engaging with Mr. Norensberg and Luxor?

18 A. Well, there was a December 18 of --
19 email from 2018, so I'm not sure what you mean by
20 "engaging."

21 Q. Let me ask you this. Are you aware of
22 any actions or efforts taking place between the
23 December 2018 email and this May email with respect
24 to efforts to make -- to submit a FINRA application?

25 A. I believe Mr. Norensberg was helping

CONFIDENTIAL

Page 389

1 us prepare an application for FINRA.

2 Q. You believe that was going on between
3 December of 2018 and May of 2019?

4 A. Well, let me read this.

5 Yes, I think we were working on this
6 prior to this May 8 email.

7 Q. Do you see under Mr. Norensberg's
8 signature block there's a disclaimer?

9 A. Under the "View Website" and "Ken's
10 Bio"? Below the signature block I see --

11 Q. The one that begins "Any information or
12 service." Do you see that?

13 A. I do see it.

14 Q. Okay. And it says, "Any information or
15 service provided by Luxor Financial Group ('LFG') or
16 its representatives is not to be construed or
17 represented as legal advice/opinion."

18 Mr. Hall, did you understand that
19 Mr. Norensberg was not providing legal advice to
20 Sport-BLX?

21 A. You're asking me with respect to the
22 disclaimer?

23 Q. With respect to the FINRA application,
24 that it wasn't being retained to provide legal
25 advice to --

CONFIDENTIAL

Page 390

1 A. I don't believe --

2 Q. -- Sport-BLX?

3 A. I don't believe Mr. Norensberg was an
4 attorney.

5 Q. And so my question is did you
6 understand that he wasn't providing legal advice to
7 Sport-BLX in connection with its FINRA application?

8 A. It was not my impression that he was
9 providing legal advice.

10 MR. PEARLSON: Okay. Why don't we --
11 why don't we go off the record and take a lunch
12 break now.

13 THE VIDEOGRAPHER: It's 12:33 p.m.
14 We're going off the record.

15 (Luncheon recess taken from 12:33 to
16 1:24 p.m.)

17 THE VIDEOGRAPHER: It is 1:24 p.m. We
18 are back on the record.

19 (Exhibit Hall-32, 29-page Form BD
20 Uniform Application For Broker-Dealer Registration,
21 is marked for identification.)

22 BY MR. PEARLSON:

23 Q. Mr. Hall, I'd like you to look at
24 what's been marked as Hall-32 for identification.
25 It's a Form BD, a Uniform Application For

CONFIDENTIAL

Page 391

1 Broker-Dealer Registration. Have you ever seen one
2 of these before?

3 A. I don't recall specifically when I
4 might have seen it.

5 Q. Did you see the one that was submitted
6 by Sport-BLX?

7 A. I don't recall specific scenario where
8 I saw it, but I'm sure I did.

9 Q. Okay. Did you have any role in filling
10 out the information on the Form BD for Sport-BLX?
11 Or I should say BLX Trading.

12 A. There may have been questions asked of
13 me which I answered, but basically we let the
14 experts take care of this.

15 Q. Okay. And what's your understanding as
16 to who, specifically, handled submitting this
17 application to FINRA?

18 MR. SACK: Objection to form.

19 A. I believe it was Ken Norensberg and
20 his team at Luxor.

21 Q. Did counsel assist at all in the
22 submission of the -- of the BD application?

23 A. We had some counsel involved early on
24 in the process, and then counsel was involved later.
25 I'm not sure what their specific role was with the

CONFIDENTIAL

Page 392

1 application.

2 Q. Okay. And who was the counsel?

3 A. I don't remember the first -- the
4 first lawyer we were in discussion with, but
5 ultimately the -- the firm's corporate counsel was
6 Greenberg Traurig, and the specific FINRA slash
7 broker-dealer counsel was Will Mack.

8 Q. Okay. And are you aware of whether
9 Mr. -- did Mr. Mack, when you -- strike that.

10 Do you recall whether he got involved
11 before or after the application was submitted?

12 A. I don't recall.

13 Q. Do you recall whether Mr. Mack had any
14 direct contact or communications with FINRA?

15 A. I don't recall.

16 Q. What -- did Mr. Mack provide you with a
17 written legal opinion in any respect with respect to
18 the FINRA application?

19 A. I don't recall.

20 Q. If you could look at page 11. I don't
21 know how else to describe it. It's Schedule A of
22 Form BD.

23 A. So we have to count.

24 Q. Yeah, you have to count because there's
25 no pages on it.

CONFIDENTIAL

Page 393

1 A. Understood.

2 Q. It should get you to Schedule A, if I
3 counted correctly.

4 A. Yes.

5 Q. Okay. So if you look under paragraph 1
6 there it says, "Use Schedule A only in new
7 applications to provide information on the direct
8 owners and executive officers of the applicant. Use
9 Schedule B in new applications to provide
10 information on indirect owners." Do you see that?

11 A. Yes.

12 Q. Okay. Now, this was a -- an
13 application being submitted on behalf of BLX
14 Trading, correct?

15 A. This has no names on it, so...

16 Q. Well, did -- I'm sorry. The
17 application that was submitted was submitted on
18 behalf of BLX Trading?

19 A. Any applications Sport-BLX did with
20 FINRA, as I recall, was on behalf of BLX Trading, a
21 wholly-owned subsidiary.

22 Q. Okay. And the direct owner of BLX
23 Trading was Sport-BLX, correct?

24 A. Yes. I don't recall -- as far as I
25 recall, the plan was to have BLX Trading remain a

CONFIDENTIAL

Page 394

1 wholly-owned subsidiary of Sport-BLX.

2 Q. Okay. In which case then Sport-BLX
3 would be the direct owner of BLX Trading?

4 MR. SACK: Objection to form. That
5 may call for a legal conclusion.

6 A. If my memory is correct, yes.

7 Q. Okay. And do you see the -- they say
8 under 2(b) that you're supposed to provide certain
9 information. "In the case of an applicant that is a
10 corporation, each shareholder that directly owns 5
11 percent or more of a class of a voting of the
12 applicant." Do you see that?

13 A. Yes.

14 Q. Okay. And then you see under (c), "In
15 the case of an applicant that is a partnership, all
16 general partners, and those limited and special
17 partners that have the right to receive upon
18 dissolution, or have contributed, 5 percent or more
19 of the partnership's capital." Do you see that?

20 A. Oh, that's (c). I'm sorry.

21 Q. I'm sorry. (c). Yes.

22 A. I was still on (b).

23 Okay. I see that.

24 Q. Okay. Is it fair to say that Sport-BLX
25 -- that Cypress was not a -- a direct owner of 5

CONFIDENTIAL

Page 395

1 percent or more of a class of a voting -- of a class
2 of a voting of the applicant?

3 MR. SACK: Objection to form. May
4 call for a legal conclusion.

5 A. So -- I'm sorry. Can you repeat that?

6 Q. Well, let me try to cut through this.

7 A. Okay.

8 Q. Is it fair to say that Cypress was not
9 a direct owner of BLX Trading?

10 MR. SACK: Objection to form.

11 A. Correct.

12 Q. Okay. If we could turn to Schedule B.
13 And we just saw that Schedule B is supposed to apply
14 to indirect owners, correct?

15 MR. SACK: Objection to form.

16 A. I do now see the Schedule B of Form
17 BD, Indirect Owners, yes.

18 Q. Okay. And is it fair to say that
19 Cypress was an indirect owner of BLX Trading through
20 its ownership interest in Sport-BLX?

21 MR. SACK: Objection to form.

22 A. I'm not -- I'm not clear on what --
23 how "indirect owner" is defined in general. And for
24 purposes of this, yeah, I believe that Cypress was
25 an indirect owner.

CONFIDENTIAL

Page 396

1 Q. Okay. And then it says for, you know,
2 disclosure obligations with respect to indirect
3 owners. Do you see in item (d) it says, "In the
4 case of an owner that is a Limited Liability
5 Company, those members that have the right to
6 receive upon dissolution, or have contributed, 25
7 percent or more of the LLC's capital, and if managed
8 by elected managers, all elected managers." Do you
9 see that?

10 A. I do.

11 Q. Okay. Is there anything that you see
12 on this that would require the disclosure of
13 Cypress' -- all of Cypress' limited partners?

14 MR. SACK: Objection to form. Calls
15 for a legal conclusion.

16 A. Well, you're talking about section
17 (d)?

18 Q. Yes. In -- well, in any of the
19 sections, but in particular section (d). Is there
20 anything in there that would require -- that would
21 require the disclosure of the LPs of Cypress?

22 A. Well, section (d) refers to a limited
23 liability company.

24 Q. Okay. And what about in terms of LPs
25 under (b)?

CONFIDENTIAL

Page 397

1 Well, strike that. Let me -- let me
2 ask you this.

3 It says, "In the case of an owner that
4 is a partnership, all general partners, and those
5 limited and special partners that have the right to
6 receive upon dissolution, or have contributed, 25
7 percent or more of the partnership's capital." Do
8 you see that?

9 A. I see 25 percent or more of a class of
10 voting secured. Am I in the wrong place?

11 MR. SACK: It's B as in boy.

12 A. (b). Okay.

13 Q. (b) -- right. Correct. Thank you.

14 A. All right. Case of an owner that's a
15 partnership, all general partners...

16 Okay. I've read it.

17 Q. Okay. Doesn't that suggest to you that
18 only 25 -- owners who are 25 percent or more owners
19 or have contributed 25 percent more of the capital
20 of a partnership have to report?

21 A. No.

22 MR. SACK: Objection to form.

23 Q. Have to be disclosed?

24 A. No.

25 Q. That isn't what it says?

CONFIDENTIAL

Page 398

1 MR. SACK: You're asking him what it
2 says or what his understanding was?

3 Q. Yeah. Well, let me ask you both.
4 First of all, isn't that what it says?

5 A. It is what it says, clearly.

6 Q. Okay. And why isn't that -- why isn't
7 that consistent with your understanding?

8 A. Of -- what's the question?

9 Q. The question is, doesn't this suggest
10 that the only partners of Cypress that would have to
11 be disclosed on the -- according to the Form BD are
12 those limited and special general partners and
13 limited and special partners that have the right to
14 receive upon dissolution, or have contributed, 25
15 percent or more of the partnership's capital?

16 MR. SACK: So what was the question?
17 I think we need to hear it, and I may have an
18 objection. I just want to hear it.

19 MR. PEARLSON: Can you read it back,
20 please?

21 (Last question is read back by the
22 court reporter.)

23 MR. SACK: Objection to form.

24 A. My answer to that is no.

25 Q. Okay. What's the basis for your

CONFIDENTIAL

Page 399

1 answer?

2 A. I don't think Schedule B is
3 dispositive in terms of who needs to disclose.

4 Q. Okay. But that's what -- I'm just
5 asking you now as to what Schedule B of Form BD
6 says.

7 A. Schedule form -- Schedule B of Form BD
8 says "list below," and section (b) would not apply
9 to Cypress.

10 Q. Why wouldn't (b) apply to Cyp- -- I'm
11 not saying -- are you saying (b) of Schedule B does
12 not apply to Cypress?

13 A. (b) of Schedule B, as you pointed out,
14 does not apply to Cypress.

15 Q. And why is that?

16 A. Well, actually, I'm not totally sure
17 that's true either.

18 Q. Okay.

19 A. So...

20 Q. Is there anything you see on either
21 Schedule A or Schedule B that would require Cypress
22 to disclose all of its beneficial owners?

23 MR. SACK: Objection to form. Calls
24 for a legal conclusion.

25 A. Possibly (b). I may stand corrected.

CONFIDENTIAL

Page 400

1 (b).

2 Q. (b) of sched- -- 2(b) of Schedule B?

3 A. Yes.

4 Q. That would require the disclosure, in
5 your view, of all limited partners of Cypress?

6 A. It's possible. I -- I would have to
7 seek further advice from an expert, but it seems
8 possible, yes.

9 Q. Okay. Are you aware of any limited
10 partners of Cypress who contributed 25 percent or
11 more of the partnership's capital?

12 MR. SACK: You're asking him what his
13 awareness is now?

14 MR. PEARLSON: Yes.

15 MR. SACK: As of what period of time?

16 Q. I'm saying as of now are you aware of
17 any partners of Cypress who hold 25 percent or more
18 of the partnership's capital?

19 A. Well, I'm not sure I totally
20 understand the meaning of section (b), but it says
21 all general partners and those limited special
22 partners. At the time the application went in
23 Cypress may very well have contributed more than 25
24 percent of the partnership's capital.

25 Q. Wait. Sport-BLX, Inc. is a

CONFIDENTIAL

Page 401

1 corporation, correct?

2 A. Yes.

3 Q. Okay. And it says for -- for the --
4 each in the case of an owner that's a corporation,
5 it has the right to vote or has the power to sell or
6 direct the sale of 25 percent or more of a class of
7 a voting security.

8 MR. SACK: You're referring to 2(a)
9 now?

10 MR. PEARLSON: Correct.

11 A. Okay. I may need reading glasses
12 after this.

13 May I read (a) again just to be sure --

14 Q. Sure.

15 A. -- I understand?

16 "In the case of an owner that's a
17 corporation..."

18 Q. Mr. Hall, let me try to be clear here.

19 A. Okay.

20 Q. So we're talking about which form,
21 which schedule --

22 A. Um-hum.

23 Q. -- Cypress would be on, if any, with
24 respect to the Form BD.

25 A. Okay.

CONFIDENTIAL

Page 402

1 Q. And as we've established, Cypress is an
2 indirect owner of BLX Trading, right?

3 A. I said I believe that's correct, yes.

4 Q. And it has a direct ownership in
5 Sport-BLX, which is a direct owner, correct?

6 A. Yes.

7 Q. Okay. So in terms of what would apply
8 to Cypress on Schedule B of Form BD, isn't it the
9 case that it would be 2(b), which is an indirect
10 owner that is a partnership?

11 MR. SACK: Objection to form.

12 And we're now just talking about what
13 the document says?

14 MR. PEARLSON: That is correct.

15 A. Okay. So I'm confused by this
16 document, and if you help me understand it, I'm
17 happy to answer your question.

18 Q. Let me just try to cut through it, --

19 A. Okay.

20 Q. -- if I can.

21 A. Good.

22 Q. And the question is, is there anything
23 in Schedule B that you understand required Cypress
24 to disclose all of the limited partners?

25 MR. SACK: You say understands today

CONFIDENTIAL

Page 403

1 as he's sitting here?

2 MR. PEARLSON: Correct.

3 A. Potentially (b).

4 Q. Potentially (b)?

5 A. Well, I'd have to read -- since (b) is
6 subsection of 2, and 2 refers to owners listed on
7 Schedule A, I'd have to look at it a little more
8 carefully.

9 Q. Okay.

10 A. If you'd like, I'll do that.

11 Q. Okay. Under what circumstances would
12 you understand 2(b) to require the disclosure of all
13 the limited partners of Cypress?

14 MR. SACK: His opinion now as he's --

15 MR. PEARLSON: Yes.

16 MR. SACK: -- sitting here?

17 A. Well, I believe the total capital
18 raised for Sport-BLX by the summer of 2019 was about
19 3 something million dollars. So Cypress' investment
20 was \$1 million, which I think would be more than 25
21 percent of the contributed capital.

22 Q. Okay. So you understood that Cyp- --
23 that would require Cypress to be disclosed under
24 Schedule B?

25 MR. SACK: Objection to form. Now

CONFIDENTIAL

Page 404

1 you're going to past tense. Understood at the time
2 or understands now?

3 Q. Your understanding now. Is that your
4 understanding now, based on this document?

5 A. This is a complex schedule that I'd
6 rely on experts to -- to help us if we were going to
7 make this application. Reading it now, I do believe
8 that Cypress contributed more than 25 percent of the
9 partnership's capital, but it's a corporation.
10 Sport-BLX is a corporation, so I'm not sure if (b)
11 applies. I'd have to look at it more carefully --

12 Q. Okay.

13 A. -- to give --

14 Q. Fair enough.

15 A. -- you an answer.

16 Q. Did you ever see the -- what -- how
17 Cypress -- if Cypress was disclosed in the original
18 application that was submitted on behalf of
19 Sport-BLX Trading? BLX Trading I mean?

20 A. I don't know if I have direct
21 knowledge of it, but my understanding is that
22 Cypress was disclosed.

23 Q. Okay. And do you know whether all the
24 limited partners of Cypress were disclosed in the
25 original application?

CONFIDENTIAL

Page 405

1 A. We didn't know the limited partners at
2 the time.

3 Q. Okay. Do you know when that
4 application was submitted?

5 A. I don't recall specifically.

6 Q. Did you have any specific discussions
7 with Mr. Norensberg or anybody from Luxor about what
8 needed to be disclosed with respect to Cypress in
9 connection with the FINRA application of BLX
10 Trading?

11 A. Well, my understanding is the
12 application was submitted, and FINRA had follow-up
13 questions.

14 Q. Okay. And did you speak directly to
15 anybody about that?

16 A. I may have spoken directly to
17 Mr. Norensberg. I definitely spoke to Mr. Mack, and
18 I'm sure I spoke to Mr. De Perio about it.

19 Q. Do you know whether Mr. Mack was in
20 direct contact with FINRA?

A. I don't know, but I don't believe so.

22 Q. Okay. If we could look at what's been
23 marked as Hall-34.

24 (Exhibit Hall-34, 22-page July 3 and
25 9. 2019. email from Luxor Financial Group Operations

CONFIDENTIAL

Page 406

1 Department to John Hall and Joseph De Perio with
2 attached BLX Trading Corp Proposed Business Plan
3 Bates stamped SPORTBLX00049502 through 49523, is
4 marked for identification.)

5 Q. Mr. Hall, I'm going to show you what's
6 been marked as Hall No. 34 for identification. It's
7 an email chain Bates stamped SPORTBLX00049502
8 through 50528.

9 MR. SACK: I think the last page is
10 523.

11 A. I see 23.

12 MR. PEARLSON: I'm sorry. Say that
13 again?

14 MR. SACK: 523, I think, is the last
15 page of our document.

16 MR. PEARLSON: Oh, I'm sorry. 523.

17 A. Yes.

18 Q. Okay. Have you seen this document
19 before, both the email and the attachment?

20 A. I don't know if I saw the email. I
21 don't know if I saw this specific attachment, but I
22 may have seen similar attachments.

23 Q. Okay. Do you know -- do you know what
24 the attachment is that says "BLX Trading Corp.
25 Proposed Business Plan"?

CONFIDENTIAL

Page 407

1 A. That's what it says, yes.

2 Q. Okay. Do you know who -- who -- what
3 that document is?

4 A. It's a proposed business plan to be
5 part of the application to FINRA.

6 Q. Do you know who prepared the proposed
7 business plan for BLX Trading?

8 A. Well, it was -- ultimately I believe
9 it was prepared by Mr. Norensberg with input from
10 various people at Sport-BLX.

11 Q. Did you participate in putting it
12 together?

13 A. Not in the actual answering of
14 questions, but the providing some of the
15 information, --

16 Q. Did you --

17 A. -- I would assume so.

18 Q. Did you review it before it was
19 submitted to FINRA?

20 A. I don't recall specifically reviewing
21 it.

22 Q. Okay. Did you -- do you -- do you know
23 who did from Sport-BLX before it was submitted to
24 FINRA?

25 A. I would be speculating on who it would

CONFIDENTIAL

Page 408

1 be. Probably a number of people.

2 Q. Okay. And do you see at the -- on the
3 -- in the cover there's a -- it's a -- it's an email
4 from the operations department at Luxor on July 9
5 sending an email to John Hall. Do you see that?

6 A. Yes.

7 Q. And it cc's Mr. De Perio and Ken
8 Norensberg. Do you see that?

9 A. Yes.

10 Q. So this is an email from -- do you know
11 who it's from at Luxor?

12 A. No.

13 Q. Do you know who Marcus is? It says at
14 the bottom of the email.

15 A. I think he was one of Mr. Norensberg's
16 associates.

17 Q. Okay. And he has -- and you see in
18 that email he has a few questions. Do you see that?

19 A. Yes.

20 Q. Okay. And then in there he says --
21 No. 2, it says, "FINRA needs to see the owners, even
22 if less than 10 percent ownership. The current
23 ownership adds up to 71.9 percent. We need the
24 rest." Do you see that?

25 A. I do.

CONFIDENTIAL

Page 409

1 Q. Do you know who -- where the rest -- if
2 you add up the -- and if you look at the business
3 plan. I'm sorry. If you go to 49509, do you see
4 that it has the ownership interests that -- that
5 were set forth in the business plan?

6 A. I see "Ownership Structure," section
7 B, yes.

8 Q. Okay. Do you -- were those numbers
9 accurate at the time? Did you own 49.6 percent; did
10 Mr. De Perio own 22.3 percent?

11 MR. SACK: Objection to form.

12 A. Without doing the precise calculation
13 I can't say for sure, but that sounds about right.

14 Q. Okay. It says that you were indirect
15 owners through Sport-BLX, Inc. Do you see that?

16 A. Yes.

17 Q. And also Mr. De Perio as an indirect
18 owner of BLX Trading through Sport-BLX, Inc., right?

19 A. Yes.

20 Q. Who were the other owners of --
21 indirect owners of BLX Trading through Sport-BLX,
22 Inc. at this time that made up the remaining
23 percentage?

24 A. Well, the investors that put money
25 into the company through various rounds of financing

CONFIDENTIAL

Page 410

1 that we did.

2 Q. Okay. Do you know who they were at
3 this time?

4 A. At this time, yes.

5 Q. All right. Who were they?

6 A. Oh, I don't -- I don't know if I could
7 rattle off all the names, no.

8 Q. Okay. Do you know how many there were?

9 A. I don't know. Probably 15 or so.

10 Q. And do you know where I could see a
11 document that would set forth the names of the
12 owners and the different percentages they held at
13 this time?

14 A. I do.

15 Q. Where would I find that?

16 A. It's been produced.

17 Q. In what document?

18 A. I don't recall the Bates number.

19 Q. Well, can you tell me -- does the
20 document have a name?

21 A. Could get it for you.

22 I think Cap Table.

23 Q. Okay. And that would tell me the other
24 owners, and they -- and in this document, in the
25 email, Luxor is saying that "We need the rest,"

CONFIDENTIAL

Page 411

1 referring to the rest of the indirect owners. Is
2 that correct?

3 MR. SACK: You're saying what the
4 document says?

5 Q. Yeah. The email that --

6 MR. SACK: The email.

7 Q. That Luxor is asking for the rest of
8 the current ownership.

9 A. That's what this says.

10 Q. Okay. Do you -- do you know whether
11 that was provided to Luxor?

12 A. I don't recall.

13 Q. Do you know whether that was submitted
14 -- the full ownership information was submitted to
15 -- the names of the indirect owners was submitted to
16 FINRA?

17 A. I don't think we were ever able to get
18 the names of the indirect owners.

19 Q. Well, wasn't Cypress an indirect owner?

20 A. My understanding, and again, this is
21 not something that I'm directly involved in by
22 conversation, but Cypress was not an adequate
23 disclosure of the indir- -- indirect owners.

24 Q. Okay. Are you saying that's what is
25 being said as of July of 2019, or is that at another

CONFIDENTIAL

Page 412

1 time?

2 MR. SACK: Said by whom to whom? I'm
3 -- objection to form.

4 Q. Well, when Luxor asks for the
5 ownership, the current ownership, and they're
6 talking about the 71.9 percent that you and
7 Mr. De Perio hold, do you understand them to just be
8 asking for the -- the ownership of Sport-BLX that
9 are indirect owners of BLX Trading?

10 MR. SACK: Objection to form. Calls
11 for speculation.

12 A. So this email wasn't sent to me, so I
13 don't know if I could answer that with respect to
14 this email.

15 Q. Okay. Did there come a time where you
16 learned that -- or did you understand that Cypress
17 did have to disclose all of the LPs that comprised
18 Cypress?

19 A. Yes.

20 Q. Okay. And when did you learn that?

21 A. Well, after we learned that there were
22 investors other than Mr. Salerno in Cypress.

23 Q. Okay. But specifically in the -- in
24 the FINRA application process --

25 A. Um-hum.

CONFIDENTIAL

Page 413

1 Q. -- was there a point in time where
2 someone told you we have to disclose all of the LPs
3 of Cypress, L.P.?

4 MR. SACK: "We" being Sport-BLX?

5 Q. Yes. Or BLX Trading as the applicant.

6 A. I think there were a number of
7 questions that led to that question, but ultimately
8 that's where we arrived.

9 Q. Okay. And who did -- who told you
10 that?

11 A. I would assume Joe De Perio or John
12 Hall.

13 Q. Okay. Do you recall having a specific
14 discussion with them?

15 A. No.

16 MR. PEARLSON: Can we do -- look at
17 Hall-35?

18 (Exhibit Hall-35, Five-page email
19 string among multiple parties dated 8/2 to 8/5/2019,
20 Bates stamped SPORTBLX00050524 through 50528, is
21 marked for identification.)

22 MR. SACK: Which number, Ross?

23 MR. CARBONE: 35. Sorry.

24 MR. SACK: Thank you.

25 Q. Okay. Mr. Hall, I'd like you to look

CONFIDENTIAL

Page 414

1 at what's been marked Hall-35 for identification.

2 It's an email chain that's Bates stamped

3 SPORTBLX00050524 through 50528.

4 If you could turn to the -- to 50526,

5 at the --

6 MR. SACK: Just if you'd like to look

7 at the whole document, you can do that as well.

8 Q. Drawing your attention to the email at
9 the top, Mr. Norensberg writes to you, John Hall,
10 and Mr. De Perio asking, "How are we looking?" Do
11 you see that?

12 A. I do.

13 Q. Okay. Does this refresh your
14 recollection that you were in the process of the
15 FINRA application in August of 2019?

16 A. I was in the dis- -- I was --
17 participated in various discussions about the FINRA
18 application and the disclosure of the Cypress LPs.
19 I can't necessarily say that with respect to this
20 email.

21 Q. Okay. And if you look at the page
22 before, it says, "Michael Salerno is the owner of
23 Cypress Holdings III. He is a local (NJ)
24 entrepreneur." Do you see that?

25 A. Yep, I do.

CONFIDENTIAL

Page 415

1 Q. Okay. And then if you -- if you look
2 above that, Luxor -- Marcus from Luxor responds, if
3 you see No. 2, "FINRA asked for the individuals who
4 own all the entities listed in the schedule of
5 shareholders (Cypress Holdings, GlassBridge, and
6 others. You only sent the" owners "of Cypress
7 Holding" -- "you only sent the owner of Cypress
8 Holdings. Also FINRA wanted to know that you have
9 performed due diligence on these individuals." Do
10 you see that?

11 A. I do.

12 Q. Okay. And were you a participation in
13 these conversations or correspondence with Marcus
14 about what FINRA was asking for?

15 A. I don't know if I ever spoke directly
16 to Marcus.

17 Q. Okay. And do you -- do you know what,
18 if anything, BLX Trading had disclosed about Cypress
19 other than Mr. Salerno was the owner?

20 MR. SACK: Are you saying does he know
21 -- does he have a specific memory of it?

22 MR. PEARLSON: Yes.

23 A. I don't have a specific memory of
24 anything other than what's here.

25 Q. Okay. Who -- who at Sport-BLX would

CONFIDENTIAL

Page 416

1 have been directly involved in these correspon- --
2 in the correspondence and the communications leading
3 up to the FINRA application?

4 MR. SACK: With Luxor?

5 MR. PEARLSON: Luxor.

6 A. At times myself, at times John Hall,
7 at times Joe De Perio, potentially others that I
8 don't recall at this moment.

9 Q. Okay. Do you know, were you aware when
10 the FINRA application was first submitted or the
11 Form BD?

12 A. I don't recall.

13 Q. Do you recall if there was a business
14 plan attached to it?

15 A. I don't recall specifically, but --
16 no, I don't recall specifically.

17 Q. Okay. Do you -- was there a point in
18 time where someone came back to you and said FINRA
19 has requested additional information that we need?

20 A. Not necessarily in those words, but
21 yes.

22 Q. Okay. And -- and when was that?

23 A. I don't recall.

24 Q. Who was that?

25 A. Probably either Joe De Perio or John

CONFIDENTIAL

Page 417

1 Hall, I would assume.

2 Q. Okay. And did you -- first, did you
3 speak to Mr. Salerno about disclosing the ownership
4 of Cypress to FINRA?

5 MR. SACK: At any time?

6 Q. At any time.

7 A. Well, let me be more clear. I spoke
8 to him about -- first I asked if he was the sole
9 owner, as we thought, and eventually I asked him to
10 disclose to Sport-BLX so that Sport-BLX could put it
11 in the application which would eventually get to
12 FINRA.

13 Q. Okay. And when you say -- did you --
14 did you specifically -- did someone request for you
15 to make a request of Mr. Salerno of the information
16 relating to the ownership of Cypress?

17 MR. SACK: Objection to form.

18 A. As I recall, Joe De Perio made a
19 number of requests that were unanswered, and after a
20 while I believe I sent him an email asking for the
21 information.

22 Q. Did you ever see anything from FINRA
23 that requested that Cypress disclose all the
24 beneficial owners?

25 A. I don't recall.

CONFIDENTIAL

Page 418

1 Q. And other than yourself and
2 Mr. De Perio, are you aware of anybody else at
3 Sport-BLX discussing the disclosure of Cypress --
4 Cypress' limited partners to FINRA?

5 MR. SACK: Objection --

6 A. Discussions with who?

7 MR. SACK: -- to form. Yeah.

8 A. Discussions with who?

9 Q. Well, did -- let me rephrase that.

10 A. Well, clearly John Hall is in the
11 discussion --

12 Q. Right.

13 A. -- in this email.

14 Q. Did any -- did anyone other than
15 yourself and Mr. De Perio speak directly to
16 Mr. Salerno about disclosing the limited partners of
17 Cypress to FINRA?

18 MR. SACK: And do you mean by email as
19 well as phone?

20 MR. PEARLSON: Sure.

21 MR. SACK: What do you mean,
22 "communicate"?

23 Q. Any kind of communication or
24 correspondence.

25 A. During what time period?

CONFIDENTIAL

Page 419

1 Q. Around this time in August of 2019.

2 A. Well, at some point Mr. Mack made a
3 presentation to the entire board, so that was, I
4 guess, ultimately a communication to Mr. Salerno as
5 well. Joe De Perio did, and I did.

6 Q. Okay. And when -- when did Mr. Mack
7 make his presentation to the board?

8 A. I forget which board meeting it was.

9 Q. Okay. What was the nature of his
10 presentation?

11 A. To -- it was part of -- there were two
12 parts to the presentation by attorneys. Mr. Mack
13 specifically was speaking about the FINRA
14 application.

15 Q. And what did he say about the FINRA
16 application to the board?

17 A. That we needed to -- FINRA had
18 requested the ultimate owners of Cypress, and that
19 had to be disclosed, or the application would be
20 rejected.

21 Q. Okay. Did he make any kind of -- did
22 he give out any materials at the board meeting?

23 A. I -- I don't believe so.

24 Q. Did he give any kind of legal opinion
25 to the -- to the company about the -- about the need

CONFIDENTIAL

Page 420

1 to disclose the limited partners of Cypress?

2 MR. SACK: Objection to form.

3 A. He told us that it had to be done. I
4 don't think that's technically what law firms
5 consider an opinion, a legal opinion.

6 Q. Did he say what the --

7 MR. SACK: But -- were you finished
8 with your answer?

9 Q. Did he -- did he say what the basis was
10 for that requirement that Cypress had to disclose
11 its bene- -- the beneficial owners of the limited
12 partnership?

13 A. Because FINRA wanted not only to know
14 but also wanted the applicant to know who the
15 beneficial owners are.

16 Q. Was this his opinion, or was this based
17 on his correspondence with FINRA?

18 MR. SACK: Objection to form.

19 Q. To your understanding.

20 A. My understanding, it's based on his
21 general expertise in FINRA regulatory issues.

22 Q. Prior to that meeting had Mr. Mack
23 expressed that opinion to anyone at Sport-BLX?

24 MR. SACK: Objection. I just want to
25 think about that for a moment. Hold on one second.

CONFIDENTIAL

Page 421

1 (Confers with co-counsel.)

2 MR. SACK: Okay. Let's hear the
3 question back, and let's see if Mr. Hall can give a
4 "yes" or "no" answer, and then we'll take it from
5 there.

6 (Last question is read back by the
7 court reporter.)

8 A. Without remembering specific
9 conversations, yes.

10 Q. Was that in writing?

11 A. I don't recall.

12 Q. Can we look at what's been marked
13 Hall-36 for identification?

14 (Exhibit Hall-36, Two-page email
15 string between Joseph De Perio, Michael Salerno, and
16 George Hall dated 8/5 through 8/9/19, Bates stamped
17 SPORTBLX00027555 and 27556, is marked for
18 identification.)

19 (Discussion off the written record
20 while exhibit is being exchanged.)

21 Q. Mr. Hall, I'm going to ask you to look
22 at what's been marked Hall-36. It's a two-page
23 email that's been Bates stamped SPORTBLX00027555 to
24 27556. The first one, if you go to the back page,
25 is dated August 5. It says, "Mike - As a matter of

CONFIDENTIAL

Page 422

1 normal course with our FINRA review, they have asked
2 us to note who the beneficial owners are of Cypress
3 Holdings, the shareholder of record. Can you please
4 advise so we can complete their interrogatories?"

5 Are you aware, first of all, whether
6 this was the first time that Sport-BLX had requested
7 that information from Mr. Salerno?

8 A. I don't know if this was the first
9 time.

10 Q. Okay. Do you know -- when it says,
11 "Can you advise so we can complete their
12 interrogatories," had you ever seen any written
13 questions from FINRA asking for that information?

14 A. I don't know if I saw it.

15 Q. Okay. And if you look at --

16 THE REPORTER: I'm sorry. I didn't
17 hear that.

18 THE WITNESS: If it existed.

19 Q. Okay. And then you see on the first
20 page there are a couple of follow-up emails with
21 Mr. De Perio asking for the beneficial owners of
22 Cypress. Do you see that?

23 A. Yes.

24 Q. Okay. And in the top email
25 Mr. De Perio says, "We would like your cooperation"

CONFIDENTIAL

Page 423

1 -- first of all, he asks -- he says, "I want to
2 follow up again on the FINRA interrogatory on our
3 shareholding. We are prepared to disclose
4 beneficial ownership of all investment entities
5 within our shareholding with the exception of
6 Cypress."

7 Does that mean all the other
8 shareholders had disclosed their beneficial
9 ownership?

10 A. I think with the exception of
11 GlassBridge, which as a public company, and an
12 enormous group of shareholders, did not have to
13 disclose the beneficial owners of GlassBridge.

14 Q. Do you know whether GlassBridge had to
15 disclose certain shareholders who owned a certain
16 percentage of stock in the company?

17 A. I don't recall.

18 Q. Okay. And he says, "We would like your
19 cooperation here to push forward" with "the FINRA
20 compliance to advance our business. If not, we will
21 take structural steps with Sport-BLX, Inc. and our
22 broker-dealer sub to make sure we are compliant."

23 Do you know what he meant by that,
24 taking structural steps with Sport-BLX, Inc.?

25 MR. GOLD: Objection to form.

CONFIDENTIAL

Page 424

1 A. Well, I think at one point there was a
2 consideration of making the -- not having BLX
3 Trading be a wholly-owned subsidiary of Sport-BLX,
4 but to be an entity that was owned by those that
5 were willing to cooperate with what was required for
6 the FINRA application.

7 Q. Okay. What -- what -- were there
8 alternatives available to Sport-BLX, Inc. if it
9 wanted to have a relationship with a broker-dealer
10 to engage in its business model?

11 MR. SACK: Objection to form. May
12 call for a legal conclusion.

13 A. No. Not with the existing business
14 model.

15 Q. Okay. So there was no alternative if
16 it did not have a wholly-owned broker-dealer; there
17 was no way for it to move forward with its business
18 plan?

19 MR. SACK: Objection to form.

20 A. Well, if you define for me what you're
21 including in the business plan.

22 The business plan included being FINRA
23 -- collecting commissions, which required FINRA, so
24 without a FINRA registered broker-dealer, we
25 couldn't collect commissions.

CONFIDENTIAL

Page 425

1 Q. And was it your understanding that it
2 required a wholly-owned broker-dealer as opposed to
3 one that was either partially owned or had a
4 relationship with a third party broker-dealer?

5 MR. SACK: Objection to form.

6 A. The commissions go to the registered
7 broker-dealer entity, so the beneficiary of those
8 commissions would be the owners of that entity.

9 Q. Did you ever direct Mr. Salerno to --
10 strike that.

11 Did you discuss the issue directly with
12 Mr. Salerno of disclosure of the LPs of Cypress?

13 A. Yes.

14 Q. Okay. What were the nature of your
15 discussions with him?

16 A. I asked -- when he didn't respond to
17 Joe De Perio's multiple requests, I asked him to
18 respond to me very simply if he was the sole owner
19 of Cypress, and there were further discussions after
20 that.

21 Q. And did you -- were these discussions
22 by email, or were they in-person discussions?

23 A. Well, we discussed it either at board
24 meetings or by phone calls, as well as emails.
25 There was communication about this subject.

CONFIDENTIAL

Page 426

1 Q. And at any time did you -- did
2 Mr. Salerno indicate to you why he was reluctant to
3 disclose the limited partners of Cypress to you?

4 A. Well, the first excuse he gave was he
5 didn't want to disclose issues around his estate
6 plan.

7 MR. PEARLSON: Could we show --

8 THE VIDEOGRAPHER: Off the record?

9 THE WITNESS: You want some more
10 water?

11 MR. PEARLSON: Could we go off the
12 record?

13 THE VIDEOGRAPHER: 2:09 p.m. We're
14 going off the record.

15 (Discussion off the record.)

16 THE VIDEOGRAPHER: It's 2:11. We are
17 now on the record.

18 BY MR. PEARLSON:

19 (Exhibit Hall-38, Three-page email
20 exchange between Michael Salerno, George Hall, and
21 Joseph De Perio, dated 8/9/19, Bates stamped
22 SPORTBLX00050629 through 50631, is marked for
23 identification.)

24 Q. Mr. Hall, if you could look at what's
25 been marked as Hall-38 for identification. It's an

CONFIDENTIAL

Page 427

1 email exchange between you and Mr. Salerno on August
2 9. Do you see that?

3 A. Yes.

4 Q. And you see that you're asking him to
5 confirm that he's the sole owner of Cypress or to
6 disclose whether there's other ownership; do you see
7 that?

8 A. Yes.

9 Q. And he responds by saying, "Let's
10 discuss as my concern is my estate plan structure
11 which I am not inclined to make public." Do you see
12 that?

13 A. I do.

14 Q. Did you discuss that with him, that
15 issue with him that he raised?

16 A. I believe there were some discussions
17 about it, yes.

18 Q. Okay. What were the nature of your
19 discussions with Mr. Salerno about his reluctance to
20 disclose his estate plan structure?

21 A. Well, I didn't really understand what
22 he meant by "estate plan structure." I certainly
23 didn't care about any legal or tax structure he had.
24 I wanted to know beneficial owners. So that comment
25 made no sense to me.

CONFIDENTIAL

Page 428

1 Q. Did he explain to you why he had that
2 concern?

3 A. I --

4 Q. I'm sorry. Go ahead.

5 A. If I may.

6 And then I believe I also discussed the
7 concept of making it public. We weren't -- we were
8 -- Sport-BLX management would know who the
9 beneficial owners are, FINRA would know who the
10 beneficial owners are. I don't know of any public
11 disclosure other than something that FINRA may put
12 in -- in their public disclosures, but...

13 Q. In the context of your conversations
14 with Mr. Salerno did you ever discuss with him
15 speaking to either Mr. Norensberg or Mr. Mack about
16 the need to disclose Cypress' LPs?

17 MR. SACK: At any time.

18 Q. At any time.

19 MR. SACK: At any time you spoke with
20 Salerno.

21 A. Well, we were proactive, and we
22 brought Mr. Mack, by phone, into a board meeting to
23 answer questions and explain the issue.

24 Q. Did Mr. Salerno ask questions in that
25 meeting?

CONFIDENTIAL

Page 429

1 A. I don't recall.

2 Q. Do you recall whether Mr. Salerno asked
3 for his counsel to have access to Mr. Norensberg or
4 Mr. Mack so that he could make inquiries about the
5 need to disclose the LPs of Cypress?

6 A. So there was -- there were evolving
7 answers from him. Originally he wanted to disclose
8 to FINRA and not to Sport-BLX, and then at some
9 point I think he may have asked if his counsel could
10 talk to our counsel, and it was much later, I think,
11 in retrospect, and not quite accurate that -- the
12 concept of having the two counsels call together,
13 but none of those were acceptable.

14 Q. Okay. Do you recall when it was that
15 Mr. Salerno first raised the idea of disclosing
16 directly to FINRA the beneficial ownership of
17 Cypress?

18 A. No.

19 Q. Do you recall discussing with anyone
20 why that was unacceptable?

21 A. Well, it was unacceptable to --
22 according to our counsel, it was unacceptable to
23 FINRA.

24 Q. Do you recall if he -- now, when you're
25 -- this is Mr. Mack, correct?

CONFIDENTIAL

Page 430

1 A. Correct.

2 Q. Do you know if Mr. Mack spoke directly
3 to FINRA, or is he just basing it on his opinion and
4 prior experience?

5 MR. SACK: Objection to form.

6 A. I can't give you a definitive answer
7 on what his communications with FINRA are or were
8 with respect to this, if any, but Mr. Mack's
9 background and experience made us comfortable that
10 he had the appropriate -- he was the appropriate
11 counsel to advise the company on these issues.

12 Q. Did you tell Mr. Salerno he couldn't
13 directly contact FINRA with that information?

14 A. I did.

15 Q. Okay. You did or did not?

16 A. I did.

17 Q. Okay. And why did you do that?

18 A. So one of the points that Mr. Mack
19 raised was that it was unlikely that FINRA would
20 even take his call because -- "call" being
21 communication -- because he wasn't an applicant. He
22 didn't have any standing with FINRA, and they
23 wouldn't likely engage with him.

24 Q. So what was the harm in letting
25 Mr. Salerno try to give that information directly to

CONFIDENTIAL

Page 431

1 -- concerning Cypress directly to FINRA?

2 A. Well, we were afraid that it would
3 potentially, for lack of a better word, embarrass or
4 give FINRA the wrong impression of Sport-BLX or BLX
5 Trading.

6 Q. So you told him not to do it?

7 A. Yes.

8 Q. Do you know if FINRA's -- anyone asked
9 FINRA whether he could submit that information
10 directly to FINRA?

11 A. As I think I just said, our advice
12 from Mr. Mack was that FINRA wouldn't take his call,
13 so me forbidding him to make that call was kind of
14 irrelevant, but Mr. Mack did say even if he did
15 communicate directly with FINRA, there's no way they
16 would allow an application to go through without
17 management of the applicant knowing who the
18 beneficial owners are.

19 Q. My question is a little bit different,
20 Mr. Hall. My question is do you know if anybody
21 specifically asked FINRA whether Mr. Salerno could
22 directly contact them with the information about the
23 beneficial owners of Cypress?

24 A. I don't know.

25 MR. PEARLSON: If we could do Hall-39.

CONFIDENTIAL

Page 432

(Exhibit Hall-39, 8/12/2019 email from
George Hall to Michael Salerno Bates stamped
SPORTBLX0140201, is marked for identification.)

4 Q. Mr. Hall, I'm going to show you -- I'm
5 showing you what's been marked as Hall-39 for
6 identification. It's a one-page email, Bates stamp
7 SPORTBLX0140201, dated August 12, 2019. I'm just
8 going to direct your attention to -- this is an
9 email from you to Michael Salerno, correct?

10 A. Yes.

11 Q. And at the top it says, "Mike, I had
12 hoped our most recent" conversation "would lead to
13 more productive interaction."

14 Do you know what conversation you're
15 referring to there?

16 MR. SACK: I think it was plural,
17 Ross.

18 Q. "Our recent conversations," correct,
19 I'm sorry, "would lead to more productive
20 interaction." Do you know what conversations you're
21 referring to there?

22 A. I could be wrong, but I believe that
23 they were conversations about an injury that his
24 child sustained.

25 Q. Okay.

CONFIDENTIAL

Page 433

1 MR. SACK: And when is this -- the
2 email is 2019. Okay.

3 MR. PEARLSON: Yeah. August 12, 2019.

4 Q. Then you say there, we have -- we have
5 "also decided that certain issues may be taken
6 directly to" the "shareholders, and we intend to
7 have a shareholder meeting in the near future."

8 What are you talking about there?

9 A. I don't recall specifically which
10 issues. Let me just read it a little more
11 carefully.

12 Q. Sure.

13 A. Yeah. I don't recall specifically
14 what those issues were, but -- yeah. I don't recall
15 what specific issues I was referring to after these
16 recent conversations.

17 Q. Okay. So you don't know when you're
18 saying "We also decided that certain issues may be
19 taken directly to" the "shareholders"?

20 A. Well, that -- one issue we knew was
21 the rent issue would be taken to shareholders. I
22 don't recall if there were other issues that would
23 be taken to shareholders, whether it was total
24 shareholder approval of the budget, including the
25 line items for corporate expenses and paper and

CONFIDENTIAL

Page 434

1 binders and paper clips and so forth. There may
2 have been other issues that we -- we thought we
3 might just have to take directly to shareholders.

4 Q. Okay. Then it says in the next
5 sentence, "Separately, we need to have answers for
6 FINRA on the ownership of Cypress or we will have to
7 make some modifications to our application."

8 What are you talking about there?

9 A. I don't specifically recall what the
10 modifications to the application would have been in
11 this -- at the time of this email, but one of the
12 modifications would be to just withdraw it and
13 forego the broker-dealer.

14 Q. Well, that's not a modification, is it?

15 A. I understand. It's not worded
16 properly, but that was something that was definitely
17 being considered, was --

18 Q. But you -- do you understand whether --
19 what the -- what modifications could be -- could
20 have been made to the application?

21 A. Well, we could --

22 Q. At that time.

23 A. -- modify -- we could modify the
24 applicant, who the applicant was.

25 Q. And how would you do that?

CONFIDENTIAL

Page 435

1 A. Well, we could create another entity
2 where all of the beneficial owners were willing to
3 disclose the ownership to management and to FINRA.

4 Q. Did you resubmit an application to
5 FINRA on behalf of such an entity later?

6 A. I don't recall.

7 Q. Did you create an entity instead of BLX
8 Trading that would serve the same function in terms
9 of trading?

10 A. We did create an entity that we
11 considered applying to FINRA for the broker-dealer
12 license.

13 Q. And did you, in fact, submit a
14 broker-dealer license on behalf of that entity?

15 A. I don't recall if it was ever
16 submitted.

17 Q. And what was the name of that entity?

18 A. Sport-BLX Securities.

19 Q. And do you recall when Sport-BLX
20 Securities was created?

21 A. Somewhere around April of 2020, so not
22 relevant to this email.

23 Q. Okay. And -- and who were the owners
24 of Sport-BLX Securities at the time it submitted its
25 FINRA application?

CONFIDENTIAL

Page 436

1 A. I don't --

2 Q. Or let me rephrase that.

3 At the time that a FINRA application
4 was being considered for Sport-BLX Securities, who
5 was the owner -- who were the owners?

6 A. Joe De Perio and myself.

7 Q. If we could look at Sport-BLX 40. I
8 mean Hall-40.

9 Before we look at this document,
10 Mr. Hall, you testified that there was actually --
11 there was a board meeting at which Mr. Mack appeared
12 and gave his opinion and answered questions
13 concerning the FINRA application?

14 MR. SACK: Objection to form. I don't
15 think he used the word "opinion," but he gave his
16 view.

17 A. There was a board call that Mr. Mack
18 attended by phone. He made some comments, and I
19 don't recall what the questions were, if there were
20 any questions.

21 Q. Okay. And -- and does Sport-BLX -- or
22 did Sport-BLX, in 2019, keep minutes from its board
23 meetings?

24 A. Yes.

25 Q. Okay. And how were those minutes

CONFIDENTIAL

Page 437

1 prepared?

2 A. Somebody would take notes on the
3 meeting and then prepare a draft, and then we would
4 distribute the draft to board members.

5 Q. Who was the -- generally the secretary
6 who prepared the notes from the meeting?

7 A. Sometimes Joe De Perio, other times I
8 think we -- we may have had John Hall serve as the
9 secretary for a meeting.

10 Q. If Mr. Mack appeared at a -- at a board
11 meeting, would that show up in the minutes?

12 A. I believe so. Are we talking about
13 this specific one that I'm looking at?

14 Q. No, I'm just saying generally if -- if
15 Mr. Mack had -- had appeared even by phone at a
16 Sport-BLX board meeting and answered questions and
17 given his view of the -- the necessity to disclose
18 Cypress ben- -- the beneficial owners of Cypress,
19 would that be something that you would expect to
20 appear on the board minutes?

21 MR. SACK: Objection.

22 A. If Mr. Mack was on a call with the
23 board, I assume that would be something that would
24 be noted in the minutes.

25 Q. Now, if you could turn to -- we're

CONFIDENTIAL

Page 438

1 looking at what's been marked as Hall-40 for
2 identification. It is Bates stamped GBE_0003774
3 through 3776, and it appears to be minutes from a
4 board meeting on August 14, 2019. Do you see that?

5 A. Yes.

6 Q. Okay. If you could turn to the second
7 page, and there's a section entitled "FINRA
8 Application."

9 A. Yes.

10 Q. And that -- I'd like you to read that
11 to yourself, and then I'm going to ask you a few
12 questions about it.

13 A. Okay.

14 Q. Okay. Do you recall this meeting
15 taking place in or around August 14 of 2019?

16 A. Yes.

17 Q. And the discussion being of the -- of
18 the FINRA application at that time?

19 A. I believe these minutes are -- apply
20 to a meeting that was, in fact, on August 14, yes.

21 Q. Okay. And do you recall as of August
22 14 whether the FINRA application had been submitted?

23 A. If I recall correctly, the application
24 was submitted, and that's what led to them asking
25 for the beneficial owners.

CONFIDENTIAL

Page 439

1 Q. Okay. And -- and do you recall, did
2 Mr. Forensberg or -- Norensberg or Mr. Mack
3 participate in this board meeting?

4 A. I don't recall, but it's not in the
5 minutes, so I think possibly not.

6 Q. Okay. And it says in here that
7 "Mr. Salerno reiterated his position that Cypress
8 did not intend to provide such beneficial ownership
9 information to the company." Do you see that?

10 A. Yes.

11 Q. Okay. And then it says, "Mr. Hall
12 described the requirement of FINRA for an applicant
13 to 'know its investors'."

14 What -- what is that, the requirement
15 of FINRA for an applicant to, quote, know it is
16 investors, closed quote?

17 MR. SACK: Objection to form.

18 A. It means that the applicant for a
19 FINRA license has to know who the investors are in
20 its company.

21 Q. Okay. And -- and is that a rule or
22 regulation?

23 A. I don't know if it's a rule or
24 regulation or policy, but I think it's pretty firm.

25 Q. Okay. Then what's that -- what's your

CONFIDENTIAL

Page 440

1 knowledge based on?

2 A. Discussions with Mr. Mack and
3 potentially others.

4 Q. Okay. Then it says "and explained that
5 the broker-dealer regulations required BLX Trading
6 to identify and disclose the identity of the
7 beneficial owners of the company."

8 What regulations are you talking about
9 there?

10 MR. SACK: Objection to form.

11 A. So we're talking about a conversation
12 that was recorded in notes and transposed into
13 minutes. I'm not sure we were specifically citing a
14 particular FINRA regulation, even though it's
15 recorded here as a -- such regulations.

16 Q. Are you saying that the meeting minutes
17 are inaccurate?

18 MR. SACK: Objection to form.

19 A. I'm saying that it's our understanding
20 that -- it was our understanding very clearly that
21 FINRA needed to know the -- and then that the
22 applicant needed to know the beneficial owners.

23 FINRA can ask whatever questions they
24 want, and they can reject any application they want,
25 so I would say very likely there is some regulation

CONFIDENTIAL

Page 441

1 that would give FINRA this power, but I don't know
2 if we were referring to a specific regulation. So
3 in terms of the accuracy, I think it's reasonably
4 accurate.

5 Q. Okay. Now, Mr. Hall, the next sentence
6 says, "Mr. Salerno stated that he desired to review
7 the matters with his counsel and, on behalf of
8 Cypress, Mr. Salerno agreed to get back to the
9 company regarding the company's request that Cypress
10 provide its beneficial ownership as required by such
11 regulations by end of business on August 16, 2019."
12 Do you see that?

13 A. I see that's what it says, yes.

14 Q. Okay. Do you know, to your knowledge,
15 did Mr. Salerno review the matter with his counsel
16 and get back to the company?

17 A. I don't recall.

18 Q. You don't recall one way or the other?

19 A. I certainly don't know if he reviewed
20 it with his counsel. I don't recall if he got back
21 to the company.

22 Q. Okay. And do you recall that Mr. -- in
23 the same meeting Mr. Salerno asked for the
24 application, to see the application?

25 A. I don't know if he did in this

CONFIDENTIAL

Page 442

1 meeting.

2 Q. You don't recall him saying that he
3 wanted to review the application itself with his
4 counsel before disclosing the limited partners of
5 Cypress?

6 A. I don't recall if he requested that in
7 -- in this meeting.

8 Q. Do you recall him requesting it at any
9 time, the application itself?

10 A. At some point I think he did request
11 the application.

12 Q. Did you give it to him?

13 A. No.

14 Q. Why not?

15 A. I don't recall if we were -- if we
16 were advised that we -- we didn't need to give it to
17 him, but ultimately we did decide it was in the best
18 interest of the company not to give it to him.

19 Q. And who made that decision?

20 A. Ultimately me.

21 Q. Do you recall whether it was discussed
22 whether a broker-dealer separate from Sport-BLX
23 could be created in the context of this meeting?

24 MR. SACK: Objection to form.

25 A. I don't recall if this meeting we

CONFIDENTIAL

Page 443

1 discussed an alternative company that would make an
2 application for a broker-dealer license.

3 Q. Do you -- you don't recall saying in
4 the meeting we're not -- we're just going to change
5 the beneficial owners and say that Sport-BLX is not
6 an owner and issue shares to all the people who
7 would disclose?

8 MR. SACK: Objection to form.

9 A. As I said before, one of the
10 possibilities was to -- for -- for example, BLX
11 Trading could potentially have a different ownership
12 group than Sport-BLX, Incorporated, and the BLX
13 Trading would have owners that were willing to
14 cooperate with FINRA's requests, and -- but I just
15 don't -- I don't know if that was discussed in this
16 board meeting.

17 Q. Do you recall saying in this board
18 meeting that -- once again that you would work
19 around Mr. Salerno?

20 A. I don't recall saying that in this
21 board meeting.

22 Q. Do you recall saying that at any time?

23 A. Well, as we saw in previous documents,
24 we referred to working around them as far as
25 creating an advisory board to have people that would

CONFIDENTIAL

Page 444

1 have, frankly, been embarrassing to have on the
2 board itself, so that was one workaround
3 conversation. I believe there was another
4 conversation about getting shareholders to vote on
5 the rent so that we could stop discussing that ad
6 nauseam. So in this board meeting there -- I don't
7 recall specifically if we spoke about working around
8 any of these issues.

9 Q. Did you ever speak to anyone about
10 working around Mr. Salerno in the context of the
11 broker-dealer that would work with Sport-BLX?

12 MR. SACK: Objection to form.

13 A. I don't really recall the workaround
14 phrase being used with respect to the broker-dealer,
15 but we clearly had discussions about how could we
16 best accomplish what was in the -- in the business
17 plan when it was clear that Sport-BLX, Incorporated
18 could not become a broker-dealer.

19 Q. Now, Mr. Salerno said that he would get
20 back to the board -- or as the minutes reflect,
21 Mr. Salerno would get back to the -- said he would
22 get back to the board by August 16, 2019. Do you
23 see that?

24 A. Yes.

25 Q. And did he, in fact, get back to the

CONFIDENTIAL

Page 445

1 board at that time?

2 A. I don't recall.

3 Q. All right. If we could look at what's
4 been marked as Hall-41 for identification.

5 (Exhibit Hall-41, Two-page 8/16 and
6 8/17/2019 email string between Michael Salerno,
7 George Hall, and Joseph De Perio Bates stamped
8 SPORTBLX00050788 and 50789, is marked for
9 identification.)

10 Q. Mr. Hall, I'm going to show you what's
11 been marked as Hall-41 for identification. It's a
12 two-page email chain dated August 16, 2019, Bates
13 stamped SPORTBLX00050789 -- 788 through 789. Do you
14 see that?

15 A. Yes.

16 Q. Okay. And I'm going to just direct
17 your attention to -- of course you can look at
18 whatever you feel you need to to answer the
19 questions, but I'm going to direct you to the middle
20 of the page where it says -- and this is an email
21 from Michael Salerno, "I am willing to provide FINRA
22 with ownership information that they want however I
23 am not willing to provide it to you or any other
24 Sport-BLX directors as you do not have a right to
25 this information at this time. Once you provide me

CONFIDENTIAL

Page 446

1 with the FINRA representative we will" probably --
2 "we will promptly reach out to them to expedite."

3 Do you see that?

4 A. Yes.

5 Q. Is that the -- is that the
6 communication you were referring to previously where
7 Mr. Salerno asked to speak directly to FINRA?

8 MR. SACK: Objection to form.

9 Q. Well, let me just rephrase it.

10 Did -- Mr. Hall, isn't it the case that
11 Mr. Salerno asked to speak directly to FINRA as
12 provided in this email, August 16 email?

13 A. He made a statement that he would
14 speak to FINRA and wanted me to provide him the
15 FINRA representative.

16 Q. Okay. And what did -- what did you --
17 what was your response to him on that?

18 A. "Give me a call if you can."

19 Q. Okay. And at some point did you tell
20 him not to do it?

21 A. Yes.

22 Q. Okay. And in between the time you
23 spoke to Mr. Salerno -- he made this request, and
24 you spoke to Mr. Salerno, did you speak to Mr. Mack?

25 A. I don't know the specific time frames

CONFIDENTIAL

Page 447

1 that I spoke to Mr. Mack.

2 MR. PEARLSON: If we could look at
3 Hall-42.

4 (Exhibit Hall-42, Two-page 8/16 and
5 8/17/2019 email string between Michael Salerno,
6 George Hall, and Joseph De Perio Bates stamped
7 SPORTBLX00050786 and 50787, is marked for
8 identification.)

9 Q. I'm going to show you what's been
10 marked as Hall-42 for identification. Mr. Hall, do
11 you see in the -- the email, the first email down
12 from the top of the page, there's an email from you
13 to Mr. Salerno copying Marc Gross dated August 16,
14 2019?

15 A. I do see that.

16 Q. And you're responding to Mr. Salerno's
17 email that he wanted to provide FINRA with ownership
18 information?

19 A. Yes.

20 Q. Okay. And you say, "I don't think that
21 is a viable option." Do you see that?

22 A. Yes.

23 Q. On what did you base that opinion?

24 A. That Sport-BLX management was entitled
25 to know who the beneficial owners of Cypress was.

CONFIDENTIAL

Page 448

1 Q. And -- and in terms of correspondence
2 with FINRA, did you see any direct correspondence
3 with FINRA, any -- any either letters or emails from
4 FINRA that demanded the beneficial owners of
5 Cypress?

6 A. I think when the application went in
7 FINRA made further requests for information,
8 including the list of beneficial owners.

9 Q. Okay. And my question is did you ever
10 see that request from FINRA?

11 A. I don't know if I saw anything on a
12 FINRA letterhead.

13 Q. Okay. If we could turn to Hall-43.
14 (Exhibit Hall-43, Six-page August 23,
15 2019, FINRA letter to Kenneth Norensberg Bates
16 stamped SPORTBLX00052448 through 52353, is marked
17 for identification.)

18 Q. What I would suggest is, Mr. Hall, why
19 don't you take a -- we're going to take a quick
20 break. Maybe you could take some time to just look
21 over this letter, and then I'll ask you a few
22 questions about it when we come back.

23 A. Okay.

24 THE VIDEOGRAPHER: It's 2:39 p.m.
25 We're going off the record.

CONFIDENTIAL

Page 449

1 (Recess taken from 2:39 to 2:59 p.m.)

2 THE VIDEOGRAPHER: It's 2:59 p.m.

3 We're back on the record.

4 BY MR. PEARLSON:

5 Q. Mr. Hall, I asked you to look over
6 what's been marked as Hall-44 -- 43, I'm sorry, for
7 identification. Did you get a chance to look at
8 that letter?

9 A. I gave it a cursory reading, yes.

10 Q. Okay. And that's an August 23, 2019,
11 letter to Ken Norensberg. It lists him as a
12 managing director of BLX Trading Corp. at 510
13 Madison Avenue, Ninth Floor. Do you see that?

14 A. I do.

15 Q. Was he a managing director of BLX
16 Trading Corp. at the time?

17 A. I don't believe so. That could be a
18 mistake by FINRA, or there could be some other
19 explanation for it, but I don't think so.

20 Q. Was it ever intended that
21 Mr. Norensberg would, in fact, have a position of
22 employment with BLX Trading?

23 A. No.

24 Q. Okay. Did you see this letter from
25 FINRA at or around the time it was sent on August

CONFIDENTIAL

Page 450

1 23, 2019?

2 A. I don't recall if I looked
3 specifically at this letter.

4 Q. Did Mr. Norensberg generally forward
5 you the letters he was getting from FINRA?

6 MR. SACK: "You" being George Hall?

7 MR. PEARLSON: Yeah.

8 A. He -- he may have forwarded them to
9 me.

10 Q. Okay. Do you have any recollection of
11 him forwarding them to you?

12 A. Which ones?

13 Q. The letters from FINRA that he
14 received.

15 A. I don't know how many letters he
16 received, so there may be some forwards that I have.
17 I don't know if that's exhaustive of what he
18 received.

19 Q. Okay. How many letters did you get
20 that he had sent on to you from -- that he had
21 received from FINRA?

22 A. I don't specifically recall any, but I
23 am saying that he may very likely have forwarded me
24 things.

25 Q. Okay. But you don't have -- as you sit

CONFIDENTIAL

Page 451

1 here today you have no specific recollection of him
2 sending you a letter that he had received from FINRA
3 such as this one?

4 A. I don't have a specific recall of that
5 at a particular time.

6 Q. Okay. Do you recall seeing this letter
7 in particular?

8 A. I'm familiar with some of the issues
9 in this letter. I don't know if I specifically
10 received this letter from Mr. Norensberg.

11 Q. Okay. And do you see that FINRA was
12 asking for some information from BLX Trading as the
13 applicant for the BD?

14 A. Yes.

15 Q. Okay. Do you see anywhere in this
16 letter where they're asking for the beneficial
17 owners of Cypress or any additional information
18 concerning Cypress Holdings?

19 A. I don't see this -- I don't see that
20 in this particular letter.

21 Q. Okay. If you could turn to page 5 of
22 the letter, which is Bates stamped SPORTBLX00052452.
23 Do you see that?

24 A. Yes.

25 Q. Okay. And it says -- you know, one of

CONFIDENTIAL

Page 452

1 the pieces of information that they're requesting in
2 item No. 23 is "...a copy of the lease or sublease
3 agreement for the firm's office spaces, along with a
4 floor plan for the office space. Per the firm's
5 submission, BLX's main office will be located at 510
6 Madison Avenue, New York, New York 10022." Do you
7 see that?

8 A. I do.

9 Q. Okay. Did you provide FINRA with a
10 copy of the lease or sublease for the office space
11 at 510 Madison Avenue?

12 A. I don't recall.

13 Q. Isn't it true that Sport-BLX didn't
14 have a -- didn't have a lease for that location?

15 A. Sport-BLX did not have a lease for
16 that location, and this was a question requesting
17 the lease or sublease.

18 Q. Okay. Do you know what, if anything,
19 BLX Trading did in response to that request No. 23?

20 A. I don't know if we responded.

21 Q. Did BLX Trading have a lease anywhere?

22 A. No.

23 Q. Now, it says -- if you look at
24 paragraph 9 on page 2 of the letter, it says -- it
25 lists you, John Hall, Mr. Ruchalski, Mr. De Perio,

CONFIDENTIAL

Page 453

1 and your, you know, CRD numbers. You're all
2 registered brokers?

3 MR. SACK: Objection to form. You
4 mean at that time, Ross?

5 Q. Yes. At that time you all had
6 licenses?

7 A. I did not. I don't know if John Hall
8 did at that time. I don't know about Fran Ruchalski
9 or Joe De Perio at that time.

10 Q. Do you know whether Mr. Norensberg
11 prepared an answer or a response to this letter on
12 behalf of BLX Trading?

13 A. I don't recall.

14 Q. Do you know whether -- it says here,
15 "Please state whether the firm or its parent,"
16 they're talking about the Clinton Group, "will have
17 a business" -- please state -- strike that.

18 "Please state whether the firm or its
19 parent will have a business relationship with
20 Clinton Group, Inc. Provide a detailed description
21 of any business, referral or other relationship."

22 Was it intended that BLX Trading was
23 going to have a business relationship with the
24 Clinton Group?

25 A. At that time other than using space

CONFIDENTIAL

Page 454

1 the Clinton Group had, I don't think there was any
2 -- any intended business relationship between the
3 two companies.

4 Q. Was it intended that BLX Trading was
5 going to remain in 510 Madison Avenue or operate out
6 of 510 Madison Avenue?

7 A. I think at that time the answer would
8 be yes.

9 Q. Did you seek the permission of the
10 landlord for BLX Trading to occupy that -- those
11 premises?

12 A. No.

13 Q. Do you see -- if you could turn to page
14 4? And I'm going to direct your attention to item
15 12. It says, "Mr. George E. Hall, Jr. will serve as
16 the firm's CEO." Do you see that?

17 MR. SACK: Number 12.

18 THE WITNESS: I see that. I want to
19 see which firm they're referring to.

20 A. Okay. Anyway, I see that, yes.

21 Q. Okay. You were -- you were -- were you
22 going to serve as the CEO of BLX Trading?

23 A. Well, as CEO of Sport-BLX,
24 Incorporated, I'm not sure if there was going to be
25 a separate CEO for BLX Trading, or if it would just

CONFIDENTIAL

Page 455

1 be a flow-through to the parent, but in substance, I
2 would ultimately be the CEO of the company.

3 Q. Do you see there that FINRA is asking
4 -- well, first of all, it states that -- it appears
5 you do not hold a securities license and haven't
6 scheduled any examinations. Do you see that?

7 A. Yes.

8 Q. Did you understand that if you were to
9 serve as an officer of BLX Trading, you'd have to
10 have a securities license?

11 A. I'm not entirely -- I'm not sure
12 that's entirely correct, but at that time it was my
13 intention to take the test and get the license.

14 Q. Okay. And how long a process would
15 that take?

16 A. Just -- I don't recall how long it
17 takes to schedule.

18 Q. Okay. And do you see that also the
19 same thing -- they're saying the same thing for
20 Mr. Ruchalski, who's going to be the firm's CEO,
21 Mr. John Hall and Mr. De Perio, who are all going to
22 serve as officers: They need to schedule and pass
23 their required examinations before BLX could be a
24 registered broker-dealer?

25 A. Yes, I see that.

CONFIDENTIAL

Page 456

1 Q. Did you have any discussions with
2 anybody about that requirement that -- that BLX
3 Trading needed to have all of its officers take and
4 pass the securities license exams -- exam?

5 A. Yes, we had those discussions, and
6 then there were also discussions about -- I think
7 part of the reason we created a subsidiary was to
8 potentially have different people work at different
9 entities, and I don't recall the advice we got, but
10 at this time we were all ready and willing to
11 schedule and take the exam.

12 Q. Were the exams scheduled at the point
13 of this August 23, 2019, letter?

14 A. Well, FINRA says at this time no, so
15 I'll take their word for it that I wasn't scheduled.

16 Q. When was the first time you heard about
17 the requirement that if you were going to act as an
18 officer of BLX Trading that you needed a securities
19 license?

20 A. I don't know. Sometime in the --
21 during this time period.

22 Q. Did you schedule -- following this
23 letter, following August 23, 2019, did you schedule
24 a securities examination?

25 A. I don't recall if one was scheduled or

CONFIDENTIAL

Page 457

1 not.

2 Q. Do you know if Mr. Ruchalski, Mr. Hall
3 -- Mr. John Hall, or Mr. De Perio scheduled a
4 securities examination in connection with the FINRA
5 application by BLX Trading?

6 A. I don't recall the time, but I'm
7 confident that Joe De Perio scheduled and took the
8 exam, and the same thing for John Hall, but I don't
9 know the dates.

10 Q. Okay. Do you know if it was before or
11 after this letter?

12 A. I don't know.

13 Q. Does it indicate on --

14 A. Well --

15 Q. -- the letter --

16 A. Well, hold -- hold --

17 Q. -- that they hadn't scheduled it as of
18 the date of the letter?

19 A. Well, let me -- let me rephrase, or
20 let me qualify the previous.

21 It says that Mr. John Hall had a window
22 open, so I would assume that implied that he hadn't
23 taken it yet. So I think this implies that nobody
24 had taken it yet.

25 Q. Okay. If we could look at what's --

CONFIDENTIAL

Page 458

1 and that would -- that would be a process that would
2 take several months, correct?

3 A. I don't know how long the scheduling
4 was. The taking and passing it would take a day.

5 Q. You mean to take the exam itself?

6 A. To take it and study for it and know
7 all the material in it.

8 Q. That would be --

9 A. Beyond passing the test.

10 Q. Okay. If we could look at what's been
11 marked Hall-44 for identification.

12 (Exhibit Hall-44, Three-page Minutes
13 of the Special Meeting of the Board of Directors of
14 Sport-BLX, Inc. dated September 10, 2019, Bates
15 stamped GBE_0005173 through 5175, is marked for
16 identification.)

17 Q. Mr. Hall, before we go to this -- these
18 particular minutes, could you tell me what
19 materials, if any, were generally sent to the board
20 in connection -- in advance of a -- of a meeting?

21 A. Usually it was the previous meeting's
22 minutes and a brief agenda of the -- what would be
23 talked about at the board meeting.

24 Q. And who -- who would send out the
25 agenda?

CONFIDENTIAL

Page 459

1 A. I think most of the time it was Joe
2 De Perio.

3 Q. Were there also ever written materials
4 provided to the board in connection with meetings?

5 A. Other than minutes?

6 Q. Other than minutes and an agenda
7 itself.

8 A. I don't recall.

9 Q. Do you recall ever giving out written
10 materials at a -- at a Sport-BLX -- Sport-BLX
11 meeting?

12 A. In addition to minutes and agenda? I
13 don't recall.

14 Q. Okay. If you could -- if you could
15 look at these are minutes from September 10, 2019, a
16 board meeting that was held by Sport-BLX
17 Corporation. The -- the Bates numbers are
18 GBE_0005173 through 5175.

19 Mr. Hall, first of all, are there --
20 did you and Mr. De Perio sign board minutes once
21 they were approved?

22 A. I believe in most cases we signed,
23 yes.

24 Q. Okay. Were there ever changes made
25 between the time that the minutes were approved or

CONFIDENTIAL

Page 460

1 presented for approval and when they were signed?

2 A. I think occasionally there were some
3 changes. Occasionally we had objections without any
4 specifics and no follow-up, but we did our best.

5 Q. Okay. Now, could you look at the
6 section called "FINRA Application" in here? And I'm
7 going to ask you just to read this to yourself, and
8 then I'm going to ask you a few questions.

9 A. Okay.

10 Q. Okay. Mr. Hall, this references that
11 you were the one speaking to the board about the
12 FINRA application, correct?

13 A. Yes.

14 Q. And that you were reporting to the
15 board the advice from Mr. Norensberg. Do you see
16 that?

17 A. Yes.

18 Q. And -- and his advice was that the
19 topic of Cypress' beneficial ownership was not a
20 topic that could be avoided. Do you see that?

21 A. Yes.

22 Q. And then you also talked about advice
23 from Mr. Mack. Do you see that in the last
24 paragraph of that section?

25 A. Yes.

CONFIDENTIAL

Page 461

1 Q. Okay. Does this refresh your
2 recollection that Mr. Mack didn't speak to the
3 board; that you were reporting what you -- Mr. Mack
4 had told you?

5 A. When you say refresh my
6 recollection, --

7 Q. That Mr. --

8 A. -- you're referring to another
9 recollection --

10 Q. Well, at least --

11 A. -- from previous testimony?

12 Q. Well, you had indicated that there was
13 a meeting -- let me rephrase it.

14 Does this indicate to you that this was
15 not the meeting you referenced earlier in your
16 testimony where Mr. Mack directly spoke to the
17 board?

18 A. Yes.

19 MR. SACK: Objec- --

20 THE WITNESS: Sorry.

21 A. Yeah, I -- I believe that he spoke to
22 the board directly at a different meeting. I
23 believe my previous testimony was that I didn't
24 recall the dates.

25 Q. Okay. And then -- and it's Mr. Mack's

CONFIDENTIAL

Page 462

1 view, as reflected here -- first of all, did you
2 present any sort of written materials or advice from
3 either Mr. Norensberg or Mr. Mack to the board?

4 MR. SACK: At this meeting?

5 Q. At this meeting.

6 A. I don't recall.

7 Q. Did you ever present the board with any
8 written advice from either Mr. Norensberg or
9 Mr. Mack concerning the disclosure of Cypress' LPs
10 to FINRA?

11 A. I don't recall.

12 Q. Do you see that it says here that you
13 reported to the board that "Mr. Mack's view was that
14 it was inappropriate for FINRA to have a
15 conversation or a meeting with a shareholder of an
16 applicant, and that such shareholder would have no
17 standing in the matters of an application made by a
18 corporate entity such as BLX Trading"? Do you see
19 that?

20 A. I see that's what it says.

21 Q. Okay. And was that -- was that in
22 response to Mr. Salerno's request that he con -- be
23 able to contact FINRA directly to provide the
24 beneficial ownership of Cypress?

25 MR. SACK: Objection to form.

CONFIDENTIAL

Page 463

1 Could we have the question back again,
2 please?

3 (Last question is read back by the
4 court reporter.)

5 A. Well, in this meeting it refers to an
6 email exchange which is not dated, so I'm not sure
7 if it's directly related to the email exchange in
8 this meeting, but everything is past tense, so prior
9 to this meeting I had sought the advice of Mr. Mack,
10 and it was in response to Mr. Salerno's request.

11 Q. Do you recall telling Mr. Salerno in
12 this meeting that it was unacceptable for him to
13 contact FINRA directly?

14 MR. SACK: Objection to form.

15 A. I don't recall in this meeting, but --
16 so I'm not sure in this meeting if I said that.

17 Q. But you did say it at some point?

18 A. Yes.

19 Q. Okay. Did you -- do you --

20 A. In substance, yes.

21 Q. Do you recall stating, in sum and
22 substance, either in this meeting or elsewhere, that
23 you refused to put Mr. Salerno in touch with the
24 FINRA representative handling BLX Trading's
25 application?

CONFIDENTIAL

Page 464

1 MR. SACK: Objection to form.

2 A. Well, I don't really have the power to
3 put them in touch.

4 Q. Well, didn't Mr. Norensberg have a
5 contact at FINRA that he was dealing with with
6 respect to BLX Trading's application?

7 A. I don't know if he was dealing with a
8 person or dealing with this application online and
9 through emails.

10 Q. Okay. Do you recall ever telling
11 Mr. Salerno that you wouldn't put him in touch with
12 a representative from FINRA?

13 A. I don't recall the issue of me putting
14 him in touch ever really coming -- coming out. His
15 request was to contact them, and I believe the words
16 I used was that the company forbids you from doing
17 that.

18 Q. Now, do you recall asking Mr. Salerno
19 in the meeting, saying to him, in words and
20 substance, confirming that he was unwilling to
21 disclose the ownership of Cypress in this meeting?

22 A. I don't recall in this meeting whether
23 I asked for that confirmation.

24 Q. So do you recall him telling you at
25 some point, no, those are your words. As I put in

CONFIDENTIAL

Page 465

1 writing, I'm willing to disclose it; I'm not willing
2 to disclose it to you?

3 A. I do remember him saying, in words and
4 substance, that he would not disclose it to me or
5 management of the company.

6 Q. Did he ever indicate to you that he was
7 willing to disclose it to a compliance officer of
8 the company?

9 A. I believe it was much later in the
10 conversation, but I actually don't -- actually, I'm
11 not sure he ever -- I -- I don't recall the
12 disclosure to a compliance officer.

13 Q. Did he ever tell you that he would --
14 he was willing to disclose it to the company if the
15 company was willing to maintain it confidential
16 within the company?

17 A. I don't recall that.

18 Q. Now, if you look under the section
19 Alternate Path Forward; do you see that?

20 A. Yes.

21 Q. And it said that you led a discussion
22 of the company's business plan to date and the
23 current requirement to alter that business plan. Do
24 you see that?

25 A. I -- I see that's what it says.

CONFIDENTIAL

Page 466

1 Q. Okay. Now, so this -- this is a
2 meeting in September 10. How long had -- at that
3 point had BLX Trading been pursuing an application
4 with FINRA?

5 A. Well, I'm not sure when you say
6 "pursuing," when that moment in time starts, but --

7 Q. Well, --

8 A. -- clearly there --

9 Q. Let me rephrase it then. I'm sorry.
10 How long had it been since the time it
11 submitted the application and this September 10
12 board meeting?

13 A. I don't recall when the application
14 was originally submitted.

15 Q. Okay. And this indicates, does it not,
16 that you were ready to alter the business plan of
17 Sport-BLX because you believed it wasn't going to be
18 successful in its application to register as a
19 broker-dealer, correct?

20 MR. SACK: Objection to form.

21 A. There is always the potential for the
22 recorded minutes to be somewhat different than what
23 was actually discussed. Clearly, I did discuss an
24 alternative path forward. I did not have any
25 intention to immediately foreclose the option for

CONFIDENTIAL

Page 467

1 Mr. Salerno to cooperate and disclose the -- the
2 owners, but it was clear to me that if he continued
3 with his resolve not to disclose the owners, that it
4 was prudent to begin to start to think about an
5 alternative path forward.

6 Q. So you were not, as it -- you were not
7 expressing the view, as stated in here, that the
8 best course of action forward was to refocus the
9 business plan of the company?

10 MR. SACK: Where are you focusing? I
11 take it you're quoting from the document. What are
12 you referring to?

13 MR. PEARLSON: Yes. If you look at in
14 the second -- in the paragraph Alternate Path
15 Forward, --

16 MR. SACK: Um-hum.

17 MR. PEARLSON: -- it says, "Given that
18 the company's inability to disclose Cypress'
19 beneficial owners, and therefore, the company's
20 beneficial owners, would preclude BLX Trading from
21 successfully applying to register as a
22 broker-dealer, it was his view," referring to
23 Mr. Hall, "that the best course of action forward
24 was to refocus the business plan of the company."

25 Q. Was that your view at the time?

CONFIDENTIAL

Page 468

1 A. I'm not so sure "refocus" is the exact
2 phrase I would have used, but it was clear at this
3 time I wanted to bring to the board's attention that
4 we should start thinking about an alternative path
5 forward.

6 Q. Okay. And what was the alternative
7 path forward you were considering at that time?

8 A. Well, I didn't really know exactly.
9 One of the concepts, of course, was to create a
10 separate broker-dealer. There were other potential
11 concepts, but the most likely would be to create a
12 separate broker-dealer that could actually pay
13 revenues to Sport-BLX, Incorporated to make
14 Sport-BLX, Incorporated a successful entity.

15 Q. And that would be an entity that,
16 assuming Mr. Salerno was unwilling to disclose the
17 beneficial ownership of Cypress, that would not have
18 Cypress as an owner of the entity?

19 A. It -- without the disclosure of the
20 owners of Cypress, it was my understanding and the
21 -- the corporate -- the corporation's view that it
22 could not be a broker-dealer, so we looked at what
23 Sport-BLX, Inc. could do and what it couldn't do and
24 realized that one portion of the original business
25 plan, the broker-dealer portion, would have to be --

CONFIDENTIAL

Page 469

1 if -- if we were going to pursue it at all, would
2 have to be in a different entity. That entity, by
3 definition, would not include Mr. Salerno unless, of
4 course, he disclosed the owners of Cypress.

5 Q. Do you recall whether the FINRA
6 application on behalf of BLX Trading, was it
7 rejected by FINRA?

8 A. I can't say with certainty, but I
9 believe we withdrew it.

10 Q. Okay. Do you know when it was
11 withdrawn?

12 A. I don't recall.

13 Q. Do you recall that at some point
14 Mr. Salerno advised you that he was willing to
15 disclose Cypress' limited partners?

16 A. To FINRA?

17 Q. Yes.

18 A. I think a number of times he suggested
19 he would disclose directly to FINRA.

20 Q. No. No. I'm sorry. That he would
21 disclose -- disclose that to you, to Sport-BLX?

22 A. I think he -- if I recall correctly,
23 he suggested that to Cesar Baez months later, and
24 Cesar Baez may have informed me of that.

25 MR. PEARLSON: If we could look at

CONFIDENTIAL

Page 470

1 Hall-45.

2 (Exhibit Hall-45, Two-page 12/16
3 through 12/23/2019 email exchange between Michael
4 Salerno, George Hall, and Joseph De Perio Bates
5 stamped SPORTBLX00052396 and 52397, is marked for
6 identification.)

7 Q. Okay. I'm going to show you now,
8 Mr. Hall, what's been marked as Hall-45 for
9 identification. It's Bates stamped SPORTBLX00052396
10 through 52397. It's a two-page email chain dated --
11 it goes from December 16 at the beginning to
12 December 23.

13 I'm going to ask you, do you recognize
14 that document?

15 A. Yes.

16 Q. Okay. Now, you put at the bottom of
17 the page on the first page of the document, "Do you
18 want to discuss broker dealer at the board level or
19 not? The company has moved on from this potential
20 opportunity because we had to withdraw our FINRA
21 application. We have made the appropriate changes
22 at the company level to pursue monetizing the
23 companies [sic] technology. If you want to discuss
24 another strategy, you can present it to the board
25 for consideration."

CONFIDENTIAL

Page 471

1 What are you referencing here when you
2 say -- well, first of all, when you're asking him do
3 you want to discuss broker-dealer at the board level
4 or not, had Mr. Salerno raised with you, prior to
5 December 17, the idea of going back to the
6 broker-dealer model?

7 A. I think there was some confusion
8 between Joe and Michael and myself about having a
9 board call, whether -- if you go to the previous --
10 or the next page, there is discussion about him
11 speaking to me, then there's an answer from Joe
12 saying we must have misunderstood your desire to
13 have a board call, and just the usual cryptic
14 communication from Salerno, so I said, basically, do
15 you want to have a meeting about broker-dealer or
16 not?

17 Q. Well, what did you understand the
18 meeting to discuss broker-dealer, what did you mean
19 by that?

20 A. I -- I think he had -- yeah. I don't
21 -- I don't really recall. There was something that
22 led me to believe that he wanted to discuss the
23 broker-dealer.

24 Q. Okay. And then you say, "The company
25 has moved on from this potential opportunity because

CONFIDENTIAL

Page 472

1 we had to withdraw our FINRA application."

2 What did the company do to move on from
3 the potential opportunity?

4 A. So Joe began to focus on some
5 businesses that would not require a broker-dealer
6 registration, working on a -- effectively a
7 technology and software development project with the
8 -- what I'll loosely call the European equivalent of
9 the PGA. There was also another potential
10 opportunity to use the technology and those
11 personnel for another non-sports-related project, so
12 we began to start to look at ways to monetize the
13 technology and the -- the people, the skill set that
14 we had within the firm.

15 Q. Okay. And -- and what changes did that
16 require at the company level?

17 A. Well, we had to -- the one change is
18 it changes the whole marketing process. So at
19 Sport-BLX, Incorporated we'd no longer be marketing
20 for a broker-dealer who was going to collect
21 commissions. We had to think about repurposing all
22 the people that would be irrelevant to a technology
23 business, and we had to start to get the technology
24 people to think about using their programming skills
25 to either use the technology, modify the technology,

CONFIDENTIAL

Page 473

1 or create new technology that could be used for
2 these other purposes.

3 Q. And that had all already been done by
4 the time -- well, first of all, do you recall -- we
5 were looking at board minutes from September.
6 Again, you don't recall what month it was that
7 Sport-BLX decided to withdraw -- or BLX Trading
8 decided to withdraw its FINRA application between
9 September and December?

10 A. I don't recall.

11 Q. Do you -- were these changes that were
12 made at the company level irreversible between
13 September and December?

14 A. No, they were not irreversible.

15 Q. And so Mr. Salerno responds to you,
16 "Like you, I like the broker-dealer model. As for
17 the FINRA application, I am more than happy to
18 provide the Cypress ownership information to be
19 included in the application as I have communicated
20 prior. That said, I would just like to be assured
21 that such information will be maintained on a
22 confidential basis, within the company."

23 Do you see that? That's what he -- his
24 response to you on December 23?

25 A. Yeah, I see the December 23 date and

CONFIDENTIAL

Page 474

1 something about being stuck in the outbox. So yes,
2 I see what he wrote.

3 Q. Okay. And had Mr. Salerno told you
4 before December 23 that he was happy to provide the
5 Cypress ownership information to be included in the
6 FINRA application?

7 A. I don't recall that, if he had or not.

8 Q. Had he told you prior to this email
9 that he just wanted to be assured that such
10 information would be maintained on a confidential
11 basis within the company?

12 A. Best of my recollection, there were a
13 number of times where he said he didn't want me to
14 know specifically, and he didn't want management to
15 know. This is a departure from that. Whether this
16 was the first departure, or if there was one
17 previously, I don't know.

18 Q. How did you react or how did you
19 respond to this email from Mr. Salerno?

20 A. Well, I was perfectly ready to receive
21 the -- the list of LPs and consider whether or not
22 we should go back to the old model.

23 Q. And what happened with that?

24 A. Well, he never sent them.

25 Q. So you're saying that even after this

CONFIDENTIAL

Page 475

1 you requested the list of LPs, and Mr. Salerno never
2 provided them?

3 MR. SACK: Objection to the form.

4 A. I didn't say that. I didn't request
5 them. After five months of the -- well, first after
6 his misleading us about who Cypress was in the first
7 place, when we were led to believe that it was just
8 him, and then when we asked him to -- we didn't
9 really ask him to disclose LPs. I think the
10 original question was will you confirm that you're
11 the only one? And that -- those requests went
12 ignored, and then when I asked it again, he
13 mentioned his estate plan.

14 So after that he said if -- could he
15 just call. Then he said could he and his counsel
16 call. Then he said could my counsel call your
17 counsel. And then none of those got him to -- to
18 where -- none of them got the company to a
19 successful application, so this just seemed like one
20 more thing he was throwing out there. But it wasn't
21 clear whether he was serious or not.

22 Q. Okay. So is it fair to say
23 notwithstanding what Mr. Salerno said in this email,
24 that you didn't -- you decided not to pursue another
25 FINRA application on behalf of BLX Trading?

CONFIDENTIAL

Page 476

1 MR. SACK: Objection to the form.

2 A. What I'm saying is after six months of
3 back and forth and the nonsense and the
4 nondisclosure and the misleading the company, the --
5 the estate plan was completely false and misleading,
6 we had doubts about his sincerity in virtually
7 anything. Had he said I'm going to -- instead of
8 saying I'm willing to disclose, he could have sent
9 me an email saying these are the LPs, but he didn't.
10 He didn't do that. He could have sent me a
11 nondisclosure agreement saying as soon as this is
12 signed, I'll send you the LPs. So this statement
13 didn't really seem sincere, but we would have been
14 happy to take the names of the LPs and reconsider.

15 Q. Okay. So I'm just trying to figure out
16 what you're saying is you decided not to pursue it
17 further because you doubted the veracity of what he
18 was saying?

19 MR. SACK: Objection to the form.

20 A. Decided not to pursue it further
21 because he wouldn't -- he didn't disclose the LPs.

22 Q. Okay. But he offered to in this -- in
23 this email, correct?

24 A. He offered to if he was assured that
25 it would be maintained on a confidential basis,

CONFIDENTIAL

Page 477

1 which of course it always would have been, so that
2 was never the issue. But it -- at -- you know, I
3 think I asked him subsequent to this are you the
4 sole owner, or is your family the sole owner, and I
5 think even after this he said something about his
6 estate plan. So he was never sincere, he was never
7 transparent, to use that word. He -- I was never
8 convinced that he was sincere. And if he was
9 sincere, we would have reconsidered.

10 Q. And Mr. Hall, do you know if -- you
11 didn't respond, I take it, to this email from
12 Mr. Salerno?

13 A. I don't recall.

14 Q. Do you know if anybody from Sport-BLX
15 responded to this email from Mr. Salerno?

16 A. I don't recall.

17 MR. PEARLSON: All right. If we could
18 go to Hall-46.

19 (Exhibit Hall-46, Two-page 12/23
20 through 12/27/2019 email exchange between Michael
21 Salerno, George Hall, and Joseph De Perio Bates
22 stamped SPORTBLX00052409 and 52410, is marked for
23 identification.)

24 Q. Mr. Hall, before we look at what's been
25 marked as Hall-46, was -- was the only issue

CONFIDENTIAL

Page 478

1 preventing BLX Trading from getting registered as a
2 broker-dealer Mr. Salerno's unwillingness to
3 disclose the limited partners of Cypress?

4 A. I have no way to know whether an
5 application would ever get approved or not. What I
6 did know was that this was one issue that they had
7 requested that we were advised by our counsel was an
8 issue that had to be responded to, and that he
9 refused to. So I can't opine on whether or not
10 there are any other issues that would have come up
11 that would have prevented the -- the license from
12 being successful, but this was one thing that
13 clearly would make it not successful.

14 Q. Okay. My -- my question is this,
15 Mr. Hall. Were you made aware by either
16 Mr. Norensberg, Mr. Mack, or someone else of an
17 issue that arose with respect to BLX's Trading
18 broker-dealer registration that was an obstacle to
19 it getting approved as a broker-dealer?

20 MR. SACK: Objection to form.

21 A. I don't recall.

22 Q. So if we can look at what's been marked
23 as Hall-46 for identification, I'm going to draw
24 your attention -- it's a two-page email chain,
25 SPORTBLX00052409 through 52410. Direct your

CONFIDENTIAL

Page 479

1 attention to the email on the bottom of page 2 --
2 well, it's actually the bottom of -- I'm sorry. The
3 bottom of the first page. Where it's Mr. De Perio
4 to Mr. Salerno, he says, "I understand you had a
5 conversation with Cesar last week regarding your
6 potential disclosure of shareholders of Cypress."

7 Is that something you were made aware
8 of, a conversation between Mr. Salerno and Cesar
9 Baez concerning his potential disclosure of the
10 shareholders of Cypress?

11 A. I think I mentioned that previously,
12 that there was some conversation with Mr. Baez.

13 Q. Okay. And who made you aware of that
14 conversation?

15 A. I don't recall.

16 Q. Do you know what the substance of that
17 conversation was?

18 MR. SACK: Objection to the form.

19 A. I don't think there was much substance
20 of the conversation.

21 Q. Okay. Do you know whether Mr. Baez
22 asked Mr. Salerno to provide the list of the LPs
23 from Cypress?

24 A. I don't know.

25 Q. Okay. And then in response, Michael

CONFIDENTIAL

Page 480

1 Salerno responds to Mr. De Perio on Friday, December
2 27, 2019. He says, I don't agree with many of your
3 statements, and he says "Per" -- in the second
4 paragraph, "Per our board call in December George
5 agreed to have my counsel speak to BLX counsel,
6 Mr. Mack. When they spoke my counsel communicated
7 to Mr. Mack that I am willing to provide Cypress
8 ownership for the FINRA application. Mr. Mack
9 directed us to communicate same to George which I
10 did. I left it in George's hands whether or not to
11 have a call last week and obviously he decided to
12 cancel the call."

13 First of all, were you aware of
14 communications between Mr. Salerno's or Cypress'
15 counsel and Mr. Mack?

16 A. I believe I said that I didn't have
17 any problem if his counsel spoke to Mr. Mack.

18 Q. Okay. And do you -- did you -- were
19 you aware that -- that he indicated or his counsel
20 indicated to Mr. Mack he was willing to provide
21 Cypress ownership information for the FINRA
22 application?

23 MR. SACK: Objection to form.

24 A. I don't recall if his counsel spoke to
25 Mr. Mack.

CONFIDENTIAL

Page 481

1 Q. Okay. You were never notified one way
2 or the other whether his counsel spoke to Mr. Mack?

3 A. I'm saying I don't recall.

4 Q. Okay. Were you ever made aware that --
5 that, like he had said to you, Mr. Salerno had also
6 indicated to Mr. Baez that he was willing to move
7 forward with the disclosure of the shareholders of
8 Cypress or the limited members -- limited partners
9 --

10 MR. SACK: Objec- --

11 Q. -- of Cypress?

12 MR. SACK: Objection to form.

13 A. I believe he communicated something
14 along those lines to Mr. Baez. I don't recall if
15 Mr. Mack spoke to Salerno's counsel or not.

16 Q. Okay. So this is a -- a second time
17 that Mr. Salerno is communicating to someone at
18 Sport-BLX his willingness to disclose the ownership
19 information of Cypress, correct?

20 MR. SACK: Objection to form.

21 A. Well, I'm not sure. It's around the
22 same time, then we have the delay in the outbox, so
23 --

24 Q. We're looking at December 23 and
25 December 27, correct?

CONFIDENTIAL

Page 482

1 A. Yeah. So I'm not sure -- if it's on
2 the 23rd now, I think this would be the first,
3 right? This came before the 27th?

4 Q. So --

5 A. Maybe I'm confused.

6 Q. Well, the one we're looking at is the
7 27th, Mr. Hall.

8 A. Okay. 27th.

9 Q. The one before it was the --

10 A. Okay.

11 Q. -- 23rd.

12 A. Right, so the 23rd --

13 Q. As is the email on the bottom.

14 A. So the 23rd was Joe saying I
15 understand you had you a conversation with Cesar.

16 Q. Last week. Late last week.

17 A. Yeah. And then on the 27th there was
18 another communication between Salerno and Joe.

19 Okay.

20 So I'm sorry. The question?

21 Q. So my question is this. Following
22 these communications between Mr. Salerno and
23 representatives of Sport-BLX, did you have any
24 discussions as to whether -- with anyone regarding
25 whether or not to resubmit BLX Trading's FINRA

CONFIDENTIAL

Page 483

1 application?

2 A. We didn't know who the beneficial
3 owners were.

4 Q. Given the willingness that he had
5 indicated to disclose them, did anybody -- well, the
6 first question is did anybody follow up with
7 Mr. Salerno to say please give us the -- the owners
8 so we can move forward?

9 MR. SACK: Objection to form.

10 A. We had been asking him that for six
11 months. All he had to do was email the list.

12 Q. Okay. Did anyone, following these
13 conversations where he indicated he was willing to
14 disclose it, ask him to send over a list of the
15 Cypress limited partners?

16 MR. SACK: Objection to the form.

17 A. We had asked for six months for him to
18 disclose.

19 Q. What six months, by the way, Mr. Hall?

20 A. Well, I'm estimating from August --
21 from August until December.

22 Q. Sounds like four months to me, but...

23 A. August, September -- five months,
24 inclusive. Split the difference?

25 Q. I'm not going to quibble -- yeah, okay.

CONFIDENTIAL

Page 484

1 Fine. We -- we're on the same page as to the time

2 --

3 A. Yeah.

4 Q. -- period. Go ahead.

5 A. It was a lot longer than it should
6 have been.

7 So after six months and these
8 iterations and these unacceptable offerings, we
9 tried hard over and over to get the list of the LPs.
10 At this point, obviously, this was either an
11 awakening on his part that he actually did damage to
12 the business or an awakening that his attempts to
13 shake the company down for big buyout weren't going
14 to work, and he threw this out, most likely for the
15 record, but if it was really sincere, he would have
16 called me and said, here's the -- the --
17 called me or sent me an email with the list of the
18 LPs.

19 Q. And again, my question is did anybody
20 from Sport-BLX ask him to provide those -- after --
21 following these communications from him, did anybody
22 from Sport-BLX ask him to provide the list of the
23 Cypress LPs?

24 A. I don't recall if anybody discussed it
25 with him after December 27.

CONFIDENTIAL

Page 485

1 Q. And following these disclos- -- these
2 communications that we just looked at, did you have
3 any discussions with anybody from Sport-BLX on
4 whether you should renew the broker-dealer model
5 that was reflected in the BLX Trading application to
6 FINRA?

7 A. Well, I'm sure I had that discussion
8 with Joe. Obviously, it's easier if -- if you had
9 one company, but you also -- it's difficult to have
10 a company shift business plans for somewhere between
11 four and six months, somewhere around five, to turn
12 the ship, as he said, and create a new business
13 plan, to do all the -- the workaround of what the
14 plan would be, and then to just have an email
15 saying, okay, after all this time now I'm ready.
16 You can't just keep going back and forth.

17 Q. Well, that's not my question, Mr. Hall.
18 My question is did you have any -- did you have any
19 discussions with anyone about whether or not to
20 reapply to FINRA or otherwise resuscitate the
21 broker-dealer model that you had started with?

22 MR. SACK: Objection to the form.

23 A. I don't recall a specific conversation
24 about that, but that was always a possibility.

25 Q. Okay. Did you recall having any

CONFIDENTIAL

Page 486

1 specific conversations with anyone from Sport-BLX
2 where you said we're not gonna do this; we're not
3 gonna try to resuscitate the broker-dealer model,
4 and we're going to move on with a technology model?

5 A. At what time?

6 MR. SACK: Objection to the form.

7 A. At what time?

8 Q. At or around the time of these
9 communications from Mr. Salerno.

10 A. I think prior to these communications
11 we had said we were going to get -- we were going to
12 move on, and Mr. Salerno acknowledged that we were
13 going to move on, and Mr. Salerno expressed
14 enthusiasm for the new business in one of the
15 meetings, and --

16 Q. So Mr. -- Mr. Hall, I'm sorry to
17 interrupt, but my question's a little different. My
18 question is following these conversations -- or not
19 these conversations -- these communications from
20 Mr. Salerno, did you have a discussion with anyone
21 from Sport-BLX as to whether to stick with the
22 technology model or go back to the broker-dealer
23 model?

24 MR. SACK: Objection to the form.

25 A. I most likely had discussions with Joe

CONFIDENTIAL

Page 487

1 De Perio, but I don't remember any specific
2 discussion about it.

3 Q. Did you have any discussions with
4 anyone else about that topic?

5 MR. SACK: Objection to form.

6 A. I don't recall.

7 Q. Do you recall whether there were any
8 writings or communications, emails, about this
9 topic, whether you're gonna stick with the
10 technology model or go to the broker-dealer model?

11 MR. SACK: Objection to form.

12 A. The company had made a shift to a
13 technology model. At this point it was not an
14 either/or. The company, with all the board members
15 agreeing, had decided to focus on technology.
16 Mr. Salerno offered up new information that he might
17 be willing to disclose his LPs after all this time,
18 but the company, on December 27, was not either/or.
19 The company was technology.

20 Q. Now, following the withdrawal of BLX
21 Trading's application did Sport-BLX or any of its --
22 did Sport-BLX or any of its affiliates make a
23 subsequent application to FINRA for a broker-dealer
24 license?

25 MR. SACK: Objection to form.

CONFIDENTIAL

Page 488

1 A. I don't recall if the -- if an
2 application was made.

3 Q. Okay. And that was referring to
4 Sport-BLX Securities?

5 A. Based on the question, I'm referring
6 to any entity that I was aware of --

7 Q. All right. Did --

8 A. -- or affiliated with.

9 Q. Did you and Mr. De Perio create an
10 entity called Sport-BLX Securities that would serve
11 the same function as BLX -- as -- yeah, BLX Trading
12 would have --

13 MR. SACK: Objection to form.

14 Q. -- served?

15 MR. GOLD: Join.

16 A. The purpose of Sport-BLX Securities
17 was to -- to form a broker-dealer so that it could
18 pay -- so it could earn commissions to pay
19 technology fees to Sport-BLX, Incorporated.

20 Q. Okay. And when was that done? When
21 was Sport-BLX Securities formed?

22 A. I think it was around April of 2020.

23 Q. And that was a corporation that was
24 owned by you and Mr. De Perio?

25 A. Correct.

CONFIDENTIAL

Page 489

1 Q. And in the interim did Sport-BLX do
2 anything to try to develop a relationship with any
3 other broker-dealer?

4 MR. SACK: Excuse me. What period?

5 Q. Between -- between the time that in
6 December, late December, when you abandoned BLX
7 Trading and when you formed Sport-BLX Securities,
8 did you make any efforts to develop a relationship
9 with any other broker-dealers?

10 MR. SACK: Objection to form.

11 A. I'm not sure what kind of relationship
12 you're refer- -- you're referring to.

13 Q. Well, that it would develop a
14 relationship with a third -- a third party broker to
15 trade in the assets of Sport-BLX?

16 MR. SACK: Objection to form.

17 A. Well, there are no assets of
18 Sport-BLX. I'm not sure what you mean by that, --

19 Q. Okay.

20 A. -- to trade in the assets of
21 Sport-BLX.

22 Q. Well, to trade in -- strike that.

23 Explain to me what -- what the role of
24 Sport-BLX Securities was going to be in conjunction
25 with Sport-BLX?

CONFIDENTIAL

Page 490

1 MR. SACK: Objection to form.

2 A. Sport-BLX Securities, the original
3 intention was to be a customer of Sport-BLX,
4 Incorporated, and it would pay fees to put assets on
5 the platform with the hopes of collecting
6 commissions.

7 MR. PEARLSON: Okay. Why don't we
8 take a quick break, and then we'll get back together
9 in maybe ten minutes?

10 MR. SACK: Yeah, that's good.

11 THE VIDEOGRAPHER: It's 3:52 p.m.
12 We're going off the record.

13 (Recess taken from 3:52 to 4:08 p.m.)

14 THE VIDEOGRAPHER: It is 4:08 p.m. We
15 are back on the record.

16 BY MR. PEARLSON:

17 Q. Mr. Hall, we were talking about
18 Sport-BLX Securities when we broke, and that it was
19 -- at some point it had applied to or it was
20 considering applying to be a broker-dealer with
21 FINRA, correct?

22 A. It was created with the long run
23 intention of creating a broker-dealer.

24 Q. Okay. The way you said that, does that
25 mean that it never was registered as a

CONFIDENTIAL

Page 491

1 broker-dealer?

2 A. No, it means that you can't just start
3 the company and be a broker-dealer quickly. There's
4 months of preparation, months, if not a year, of
5 FINRA back and forth and approvals, so it was a
6 plan.

7 Q. Okay. Is it -- is that plan -- has it
8 ever submitted an application to FINRA?

9 A. I don't recall if the application was
10 submitted or not.

11 Q. Okay. Does it have any intention to
12 still be a broker-dealer, Sport-BLX Securities?

13 MR. SACK: Excuse me -- okay.

14 A. Potentially.

15 Q. Do you have any idea as to the timing
16 of that, as to when it would -- when it would look
17 to become a broker-dealer?

18 A. After the resolution of this
19 litigation.

20 Q. If you could look at what's been marked
21 as Hall-47 for identification.

22 (Exhibit Hall-47, One-page August 17,
23 2020, email from Ken Norensberg to Joseph De Perio
24 and George Hall attaching 20-page Sport BLX
25 Securities, Inc. Proposed Business Plan Bates

CONFIDENTIAL

Page 492

1 stamped SPORTBLX0128701 through 128721, is marked
2 for identification.)

3 MR. SACK: Do we have that, Dan?

4 MR. CARBONE: We don't have it yet.

5 MR. SACK: Hmm?

6 MR. CARBONE: We don't have it.

7 MR. SACK: I just wasn't sure whether
8 it was given to the witness. Thank you. I didn't
9 mean to hasten you.

10 MR. TYRRELL: I could use the workout.

11 MR. SACK: Thank you.

12 MR. PEARLSON: Don't hasten him. Only
13 I could hasten him.

14 MR. SACK: I'll chasten him, you can
15 hasten him.

16 MR. PEARLSON: Okay. I also want to
17 know that word you used before that I never heard a
18 witness use before in a deposition.

19 THE WITNESS: Which one?

20 MR. SACK: Disintermediation.

21 THE WITNESS: I had to go look in the
22 dictionary to be sure I didn't make a mistake.

23 MR. PEARLSON: Good word.

24 BY MR. PEARLSON:

25 Q. All right. So Mr. Hall, if you could

CONFIDENTIAL

Page 493

1 look at what's been marked as Hall-47 for
2 identification, the cover is a -- an email from
3 Mr. De Perio to you, and the subject is forward
4 "Business Plan_Ken Revisions from Markup." Do you
5 see that?

6 A. Yes.

7 Q. And then it refers to attachments,
8 "Sport-BLX Securities Business Plan_Ken
9 Revisions_August 17, 2020." Do you see that?

10 A. Yes.

11 Q. Does this refresh -- and this document,
12 just for the record, is -- is SPORTBLX0128701
13 through 0128721. Do you see that?

14 A. Yes.

15 Q. Okay. And this is -- does this appear
16 to be a business plan that was prepared for
17 Sport-BLX Securities to make its application for
18 FINRA for a broker-dealer license?

19 A. Yes.

20 Q. And did you participate in the -- in
21 the -- in putting together the plan that's attached
22 to this email?

23 A. Potentially some cursory
24 participation.

25 Q. Okay. And it indicates that

CONFIDENTIAL

Page 494

1 Mr. Norensberg, from Luxor, was also involved in
2 this -- the preparation of this plan?

3 A. Yes.

4 Q. And that was, again, in anticipation of
5 applying to FINRA for a broker-dealer registration?

6 A. Yes.

7 Q. Okay. Now, do you recall whether this,
8 the business plan -- first of all, the ownership is
9 -- the owners, as you indicated, were yourself --
10 well, turn to page 5 of the business plan, please.

11 And it indicates the ownership
12 structure is -- is you, Mr. De Perio, and then a
13 stage one investor group. Do you see that?

14 A. Yes.

15 Q. Did you already have investors in
16 Sport-BLX Securities as of the time of this
17 document?

18 MR. SACK: You mean the time of the
19 email?

20 MR. PEARLSON: Yes.

21 A. Yes.

22 Q. Okay. And who were -- who were the
23 other investors?

24 A. They were just people investing that
25 like to invest in tech companies. I don't recall

CONFIDENTIAL

Page 495

1 all their names.

2 Q. Were they investors who had invested in
3 Sport-BLX?

4 A. No.

5 Q. And was the intention of -- of this --
6 of Sport-BLX Securities to -- to not involve Cypress
7 or Mr. Salerno?

8 A. The intention --

9 MR. SACK: Objection to form, but you
10 can try to answer.

11 A. At what time?

12 Q. Well, did you -- was it your -- was it
13 your intention specifically, because of the prior
14 experience with Mr. Salerno and Cypress, to not
15 include Mr. Salerno and Cypress in this entity,
16 Sport-BLX Securities?

17 MR. SACK: Objection to the form.

18 A. The plan for Sport-BLX Securities was
19 first to do the things that Sport-BLX did not have
20 -- Sport-BLX, Inc. did not have the opportunity to
21 do, so that is primarily to collect commissions.

22 Q. Was the business plan for Sport-BLX
23 Securities essentially the same as BLX Trading?

24 A. No.

25 Q. How -- how do they differ?

CONFIDENTIAL

Page 496

1 A. Sport-BLX Securities was never
2 intending to build technology and to be a technology
3 company. It was to lease the technology from
4 Sport-BLX, Incorporated.

5 Q. Okay. Was BLX Trading going to be a
6 technology company?

7 A. BLX Trading was going to be the
8 broker-dealer subsidiary of a technology company.

9 Q. So maybe -- maybe I -- my question was
10 bad.

11 Mr. Hall, my question is what was --
12 what were the differences in the business plans
13 between BLX Trading and BLX Securities?

14 A. When you say "the business plan," are
15 you referring to the FINRA business plan?

16 Q. Yes.

17 A. Oh. I'd have to look carefully at the
18 -- each plan and compare them to -- to be precise on
19 what the differences would be.

20 Q. Okay. How about just generally, what
21 were the differences between the two business plans
22 for the two entities?

23 A. So the original entity was gonna get
24 licensed as a broker-dealer -- the intention was to
25 become a broker-dealer and also to have the

CONFIDENTIAL

Page 497

1 technology be designated as an ATS, or alternative
2 trading system. So that was never the intention of
3 Sport-BLX Securities because it didn't have
4 technology, and it wasn't going to try to form an
5 ATS or have technology that would be designated as
6 an ATS.

7 Q. Did -- did Sport-BLX Securities have
8 plans to either license or acquire technology in
9 order to do what you just described?

10 A. Well, that's one of the issues that I
11 don't know if we ever got resolved, whether you
12 could license -- license an ATS or whether you could
13 be an ATS relying on -- relying on some other
14 company's technology, but basically the -- Sport-BLX
15 Securities was to -- to collect -- to sell
16 securities, to earn commissions using the technology
17 that it would lease from Sport-BLX, Incorporated.
18 Sport-BLX Securities most likely was not gonna ever
19 be an ATS.

20 Q. When -- when you made the decision to
21 switch the models for Sport-BLX, and it became a
22 technol- -- what you've called a technology company,
23 how did that -- how did that -- the use of -- how
24 did -- strike that.

25 How did Sport-BLX intend to use its

CONFIDENTIAL

Page 498

1 technology in connection with the technology model;
2 was it going to license out its technology to
3 others?

4 MR. SACK: Objection to form. And
5 when you say "you" changed, do you mean when
6 Sport-BLX changed its --

7 MR. PEARLSON: Correct.

8 MR. SACK: -- approach?

9 Q. Let me -- let me be clear. When you --
10 as you testified, when Sport-BLX decided to change
11 its business plan to a technology company back in
12 2019, the fall of 2019, how did it intend to use its
13 technology to generate revenues?

14 A. Well, there were two transactions that
15 it started to look at immediately, which I referred
16 to before. One was a European golf transaction,
17 which was different in the sense that it wasn't
18 gonna be the sale of securities, wasn't gonna
19 require us to have a broker-dealer, and wasn't going
20 to collect commissions. The second one was a
21 potential opportunity to do some technology
22 development for a third party.

23 Q. And what happened with the -- when did
24 you pursue the European golf opportunity, and can
25 you describe for us what it was in greater detail?

CONFIDENTIAL

Page 499

1 A. I don't recall specifically what the
2 revenue source was. Joe De Perio worked on that
3 deal, and I don't recall specifically what the
4 transaction was about.

5 Q. And what happ- -- happened? Was there
6 ever a deal struck on the European golf matter?

7 A. I don't believe there was -- there was
8 -- there was never a deal struck. Correct.

9 Q. Okay. And when you say "technology
10 development," who -- who was -- who were you going
11 to develop technology for?

12 A. Well, I don't know if it was a joint
13 venture with the European entity or develop it and
14 sell it to them or develop it and license it. I
15 don't -- I don't recall.

16 Q. And do you know the -- any name -- the
17 name of the European entity?

18 A. No.

19 Q. And who negotiated -- who was
20 negotiating that?

21 A. Joe De Perio.

22 Q. And what happened with that deal;
23 anything?

24 A. I don't recall, but it didn't happen.

25 Q. Okay. Just going back to Sport-BLX

CONFIDENTIAL

Page 500

1 Security...

2 MR. PEARLSON: Why don't we show him
3 Hall-48?

4 (Exhibit Hall-48, 5/2/21 email from
5 Joseph De Perio to Andrew Gadlin Bates stamped
6 SPORTBLX00012773, is marked for identification.)

7 Q. So Mr. Hall, I'm showing you what's
8 been marked as Hall-48. It's a one-page email,
9 SPORTBLX00012773, an email from Mr. De Perio to
10 Andrew Gadlin dated May 2, 2021.

11 My first question is, who is
12 Mr. Gadlin?

13 A. He's what might be called a
14 salesperson or an investment banker with a company
15 named Odeon.

16 Q. How -- can you spell that for the
17 record, sir?

18 A. O-d-e-o-n.

19 Q. Okay. And when did you first meet
20 Mr. Gadlin? Or did you meet Mr. Gadlin?

21 A. Only through Zoom, and I think it was
22 sometime towards the end of 2020.

23 Q. Okay. And what was the purpose of the
24 meeting between you and Mr. Gadlin?

25 A. We want- -- we were going to engage

CONFIDENTIAL

Page 501

1 Odeon, primarily Mr. Gadlin, to look for financing
2 sources to buy athlete contracts.

3 Q. Okay. And -- and towards -- towards
4 what end?

5 A. To have a pool of capital that could
6 buy athlete contracts and that could be sold through
7 the platform.

8 Q. Okay. Is that similar to what we
9 described earlier as "the fund"? Would he -- would
10 that be operating a fund similar to what we had
11 discussed earlier?

12 A. The purpose is similar, but the
13 structure was different.

14 Q. Okay. And how so?

15 A. So the transaction we were pursuing
16 was a debt transaction, and we were ultimately
17 offered a number of -- a number of entities
18 ultimately offered us financing so that we would
19 have the opportunity to buy the -- buy the assets
20 and then list them on the platform.

21 Q. Okay. And here Mr. De Perio -- do you
22 know why he's sending this email to Mr. Gadlin?

23 A. I don't know specifically, but I think
24 it was just background on the situation of why there
25 were two companies.

CONFIDENTIAL

Page 502

1 Q. When you say "two companies,"
2 Sport-BLX, Inc. and Sport-BLX --

3 A. Sport-BLX --

4 Q. -- Securities?

5 A. -- Securities, correct.

6 Q. Okay. Now, it says in -- in the email,
7 the -- the third sentence, "In January, Sport-BLX,
8 Inc. became an independent entity, and key SportBLX
9 staff members moved over from Clinton to Sport-BLX,
10 Inc."

11 What is he talking about there; in
12 January it became an independent entity?

13 A. I think in January --

14 MR. SACK: I'm going to --

15 A. Oh, this is --

16 MR. SACK: -- object -- I'm going to
17 object to the form, but you can try to answer.

18 A. This is January of 2019.

19 Q. Okay. In January 2019 or January 2020?

20 A. Well, --

21 MR. SACK: Well, you're -- it's not
22 his --

23 MR. PEARLSON: Well, yeah.

24 MR. SACK: -- email, but I guess --

25 A. First sentence --

CONFIDENTIAL

Page 503

1 MR. SACK: -- you're being asked for
2 your understanding.

3 Q. Yeah. What is -- what do you
4 understand Mr. De Perio to be saying?

5 A. Well, his first sentence refers to the
6 third and fourth quarter of 2018, and then, as was
7 said in the FAQs and other information, Clinton
8 Group funded the -- the business until this time,
9 and then in January of 2019 Sport-BLX, Incorporated
10 became an independent entity from -- from Clinton
11 Group. And then in addition to hiring people for
12 Sport-BLX, Incorporated, certain members of --
13 former Clinton Group members became full-time
14 Sport-BLX members.

15 Q. And who were those individuals?

16 A. Henry Sullivan, Jacob Simon, and
17 Joseph De Perio.

18 Q. And in the -- in the next paragraph
19 it's discussing -- it's discussing Sport-BLX
20 Securities. Do you see that?

21 A. In the middle of the paragraph?

22 Q. Correct.

23 A. Yes.

24 Q. And it refers to the fact that because
25 of the impasse with FINRA, and it couldn't register

CONFIDENTIAL

Page 504

1 as a broker-dealer, that the founders created
2 Sport-BLX Securities, Inc. Do you see that?

3 A. Correct.

4 Q. Okay. Now, it said -- it says, "Total
5 third-party capital raised to support Sport-BLX
6 Securities, Inc. equates to \$2.0 million."

7 At -- at this point in May of 2021 did
8 you have additional investors beyond the ones
9 described in the business plan we just went over?

10 A. I don't know what the business plan
11 said. I haven't looked at it yet.

12 Q. Okay. It then -- we don't need to go
13 through that, Mr. Hall.

14 It then says, "Securities has a license
15 to use Inc.'s technology in perpetuity." What does
16 that mean?

17 A. So Sport-BLX Securities created what
18 we -- I believe we called a subscription agreement
19 that was between Sport-BLX Securities and Sport-BLX,
20 Incorporated to license the firm's technology to
21 list assets on the platform.

22 Q. Do you know when that subscription
23 agreement was entered into between the two
24 companies?

25 A. Somewhere in the summer, maybe June,

CONFIDENTIAL

Page 505

1 but I'm not exactly sure, of 2020.

2 Q. And do you know how the terms of that
3 subscription agreement were negotiated?

4 A. There was an upfront payment and then
5 a monthly payment and then some customary terms
6 about escalations and the parties' responsibilities.

7 Q. Do you know who negotiated that
8 transaction on behalf of Sport-BLX?

9 A. Sport-BLX, Incorporated, Pete Rawlins.

10 Q. Anybody else?

11 A. I believe Ryan Fisch was involved.

12 Q. Who's Ryan Fisch?

13 A. He was the chief technology officer.

14 Q. And was Sport-BLX represented by
15 counsel?

16 A. No.

17 Q. And how about -- was there anybody else
18 on the Sport-BLX, Inc. side in that transaction?

19 A. Only to the extent that I was
20 involved, but not -- I was really more involved in
21 both sides, but it was Pete Rawlins that led the
22 negotiations.

23 Q. For Sport-BLX, Inc.?

24 A. Correct.

25 Q. And what about on behalf of Sport-BLX

CONFIDENTIAL

Page 506

1 Securities, who -- who represented Sport-BLX
2 Securities in the transaction?

3 A. Joe De Perio.

4 Q. Do you know, was the -- was this
5 transaction approved by the Sport-BLX board of
6 directors?

7 MR. SACK: By Inc.? By the Inc. --

8 Q. By the Inc. --

9 MR. SACK: -- board of directors?

10 Q. -- board of directors.

11 A. We'll assume for now that Sport-BLX is
12 Sport-BLX, Inc.

13 Q. Yes.

14 THE WITNESS: That's okay?

15 MR. SACK: Yeah.

16 A. I believe it was, yes.

17 Q. Do you know if -- if that's reflected
18 in any minutes?

19 A. I don't -- I don't recall.

20 Q. Do you know whether that -- was that
21 transaction approved by any -- any independent group
22 of directors?

23 A. I don't recall.

24 Q. And it says in this email "has a
25 license to use Inc.'s technology in perpetuity."

CONFIDENTIAL

Page 507

1 What does that mean?

2 A. That for as long as Sport-BLX
3 Securities wanted to use the technology to list
4 assets, that it had the right to do that.

5 Q. When you say "in perpetuity," you're
6 referring to that it was a renewable license?

7 A. Well, this was from Joe to Andrew.

8 I'm just trying to interpret what I think he meant.

9 I think the point of perpetuity was
10 that we were comfortable that there wasn't the risk
11 that we could be not -- denied the use of the
12 technology, which would be necessary for the
13 Sport-BLX Securities plan.

14 Q. As of May 2021 did Sport-BLX license
15 its technology to any other entity other than
16 Sport-BLX Securities?

17 A. No.

18 Q. Do you know, were there any attempts
19 made to license Sport-BLX technology to any other
20 entity besides Sport-BLX Securities?

21 MR. SACK: You mean other than the PGA
22 example?

23 Q. Right. Other than the PGA example we
24 went over.

25 A. I don't recall.

CONFIDENTIAL

Page 508

1 Q. Are you aware of any other efforts to
2 try to license the Sport-BLX technology to any
3 entity other than Sport-BLX Securities and the --
4 and the European golf venture?

5 A. Well, we have -- I think we have to
6 distinguish the -- the licensing of the technology.
7 The technology was built for a very specific purpose
8 around sports. If there was an opportunity to
9 repurpose the technology or use it for other things,
10 we would have considered that, but we didn't have --
11 I don't believe we had any opportunities to do that.

12 In terms of licensing it from -- to
13 someone else that would do the same kind of sport
14 deals, that was a pretty inefficient use of time at
15 the -- at that time.

16 Q. Why is that?

17 A. Well, who would do it? I don't think
18 anybody would do it.

19 Q. Because -- why -- why is that?

20 A. Well, I don't think the -- we had
21 created a new construct, a new ecosystem. Athletes
22 are not in the habit, generally, of securitizing
23 their contracts, and there's no platform that I know
24 of that was in the business of selling those to --
25 selling shares of those contracts to the public. So

CONFIDENTIAL

Page 509

1 we created a platform for a new business that we,
2 for lack of a better word, invented or created, so
3 it seemed like given the time constraints and the
4 resource constraints, it would be a bit of a fool's
5 errand to run around and try to get people to use
6 our platform to underwrite the deals that only we
7 understood.

8 Q. So I'm trying to understand, Mr. Hall,
9 is how did you think that Sport-BLX was going to
10 succeed as a technology company given the
11 limitations you just described?

12 A. I don't think I described any
13 limitations other than the commissions.

14 Q. Okay. I guess the question is as a
15 technology company, was it your understanding that
16 it was only going to have one customer?

17 A. Well, in the short run the focus was
18 on this one customer because it was the fastest way
19 to -- to try to use the technology. But over time
20 the technology -- once we had advanced the concept
21 of securitization of athletes' contracts, there may
22 have been others that wanted to follow the business.
23 For example, agents and other people involved in
24 sports could have followed our lead and said that we
25 have athletes that we'd like to securitize. They

CONFIDENTIAL

Page 510

1 potentially could go to Sport-BLX, Inc. and use the
2 technology, but that was off in the future. We had
3 to develop the business before that would happen.

4 Q. Now, it says in the next sentence that,
5 "Founders are currently working on a transaction to
6 combine the entities and eliminate the third-party
7 shareholder who prevented the filing for Inc."

8 What is that referring to?

9 MR. SACK: If you know. I'm going to
10 object to the form, but you can try to answer that.

11 A. So the first thing that comes to mind
12 would be the potential to buy out the shareholder so
13 that we didn't have the issue. So -- but other than
14 that, I'm not sure what -- what he was referring to.

15 Q. Are you aware of any attempts to buy
16 out Cypress in -- following 2019?

17 A. Yeah, I think -- I think there was a
18 discussion about that in 2021, and I'm not sure if
19 there were any in 2020.

20 Q. What do you recall about the
21 discussions to buy out Cypress in 2021?

22 A. I think it was after GlassBridge sold
23 their shares and got out of this business I had a
24 discussion with them about buying -- buying Cypress
25 shares.

CONFIDENTIAL

Page 511

1 Q. You and Mr. Salerno had a discussion?

2 A. I think so, although I'm not sure
3 about the date.

4 Q. Okay. Do you recall what the
5 discussions were?

6 A. Do you want to sell your shares? And
7 there was some -- some discussion about price, but
8 it didn't lead anywhere.

9 Q. Okay. Do you recall what the
10 discussions in price were?

11 A. Well, for the stock I think I quoted
12 where GlassBridge sold the shares. I think I may
13 have quoted a price somewhere around \$10.00 a share.

14 Q. And that -- that wasn't successful,
15 those negotiations?

16 A. No.

17 Q. Now, it says here that the "Founders
18 are currently working on a transaction to combine
19 the entities." Were you involved in discussions in
20 May of 2021 to merge Sport-BLX Securities and
21 Sport-BLX?

22 A. Well, I don't know about specific -- I
23 don't know specifically what Joe was referring to
24 here. I don't recall that specific time frame and
25 specific discussions, but all along there was the

CONFIDENTIAL

Page 512

1 intention to either combine the entities or have one
2 entity acquire the other.

3 Q. Okay. And what would be the purpose of
4 that?

5 A. Well, I think it's more efficient to
6 have one entity rather than this, you know,
7 potentially confusing agreement with one company
8 that's a broker-dealer, but it's relying on the
9 other company's technology, so I always thought the
10 most efficient thing would be to recombine the
11 companies.

12 Q. And would that have the effect that --
13 have the same capability that Sport-BLX would have
14 had if it had BLX Trading and -- as a registered
15 broker-dealer that was a wholly-owned sub?

16 MR. SACK: Objection to form.

17 Q. Do you understand the question?

18 A. Not exactly.

19 Q. So if you had -- if you had -- if you
20 had Sport-BLX Securities merged with Sport-BLX,
21 would it have the same capabilities as Sport-BLX
22 would have had if it had BLX Trading as a registered
23 broker-dealer that was a wholly-owned sub?

24 MR. SACK: Objection to form.

25 A. Yeah, there were -- I think there were

CONFIDENTIAL

Page 513

1 multiple potential structural options. Sport-BLX
2 technology could have acquired Sport-BLX Securities
3 and made Sport-BLX Securities, the broker-dealer, a
4 subsidiary, which is the way BLX Trading was
5 structured. Or Sport-BLX Securities could acquire
6 Sport-BLX, Incorporated. So there were multiple
7 ways that we could structure it. Or we could just
8 have shareholders do a swap from one company to the
9 other, so...

10 Q. And you don't recall, as you sit here
11 today, in or around May of 2021 discussing pursuing
12 one of those alternatives in a way that would
13 eliminate Cypress as a shareholder of Sport-BLX?

14 A. Well, --

15 MR. SACK: Objection to form.

16 A. -- if -- if we had -- if we had done a
17 combination of the entities, as I said, there are
18 multiple ways we could do that. The easiest way to
19 eliminate the third party would be to buy his shares
20 if he would agree, and if -- if we felt that it was
21 more efficient to operate as one company, we, in
22 fact, could have invited all the shareholders to
23 swap their stock in one entity for the other with
24 the requirement that you have to disclose the
25 beneficial owners; otherwise, it would kill the

CONFIDENTIAL

Page 514

1 broker-dealer at the new company. So I don't recall
2 what the specific -- what this is specifically
3 referring to.

4 Q. Okay. And you don't recall any
5 specific discussions in or around this time as to
6 that -- what's referenced in this email?

7 A. I don't. I don't recall.

8 Q. Now, Mr. Hall, are you familiar with a
9 company by the name of Orix PTP Holdings, LLC?

10 A. Yes, I referred to Orix before without
11 knowing the full name, but I think we're --

12 Q. Okay. And --

13 A. -- talking about the same entity.

14 Q. And what is Orix PTP Holdings, LLC,
15 which I'll refer to Orix as well?

16 A. I'm not sure what the PTP, LLC is, so
17 I assume that's an American subsidiary of a company
18 that the parent is a Japanese company.

19 Q. Okay. When's the first time you came
20 in contact with Orix in any fashion?

21 MR. SACK: How about if we just agree
22 that it's an Orix entity without a particular
23 corporate designation? Just an --

24 MR. PEARLSON: Sure. I'm --

25 MR. SACK: -- Orix entity?

CONFIDENTIAL

Page 515

1 MR. PEARLSON: I'll just -- we'll just
2 call it Orix.

3 MR. SACK: Yeah.

4 A. Okay. I think sometime in 2018 or
5 2019 there was a proposed transaction for
6 GlassBridge from Orix through a consultant that we
7 -- that we used, an advisor.

8 Q. Okay. And at that time what was your
9 relationship with GlassBridge?

10 A. Well, that was the time where we had
11 the, I think we called it management and services
12 agreement, so, you know, I was ultimately
13 responsible for the bulk of, along with the board,
14 the -- the day-to-day -- well, me the day-to-day
15 operations, you know, following the board's
16 objectives for the company.

17 Q. Okay. Now, just to be clear for the
18 record, what you're saying is through the management
19 services the Clinton Group had with GlassBridge, you
20 were serving in those roles?

21 A. Yes.

22 Q. Okay. And -- and did you -- in
23 addition to that did you also have an ownership
24 interest in GlassBridge?

25 A. Yes. Somewhere around 29 percent or

CONFIDENTIAL

Page 516

1 30 percent.

2 Q. And in terms of Orix, did you have
3 direct role in discussing transactions with Orix?

4 A. Yes.

5 Q. Okay. And who else was involved from
6 GlassBridge?

7 A. Well, --

8 MR. SACK: Objection to form. He
9 wasn't -- he was a Clinton Group. Just who else was
10 involved, I think is the question.

11 Q. In discussions with Orix from either
12 the Clinton Group or GlassBridge?

13 A. Well, at that time I think GlassBridge
14 still had the CFO Danny Zheng, who was the CEO for a
15 number of years before we were involved at
16 GlassBridge.

17 Q. Can you just spell his name for the
18 record?

19 A. I believe Z-h-e-n-g?

20 So I believe he was still the CFO of
21 GlassBridge. Daniel Strauss was the primary person
22 working for Clinton Group on behalf of GlassBridge.

23 Q. Okay. And what role was he serving at
24 GlassBridge?

25 A. I don't recall if he was -- at which

CONFIDENTIAL

Page 517

1 time frame; when Orix showed up?

2 Q. Yes.

3 A. Okay. I don't exactly remember when
4 Orix showed up. I said sometime 2018 or '19. I
5 don't know exactly what Daniel Strauss' role was,
6 but it was either -- I think it was either acting
7 COO or acting CFO or acting CEO. I don't recall.

8 Q. And at some point did Orix and -- and
9 GlassBridge enter into or begin discussions
10 concerning the sale of certain securities by
11 GlassBridge to Orix?

12 A. Yes.

13 Q. Okay. Do you recall when those
14 discussions began?

15 A. Sometime in 2019. I don't recall
16 exactly.

17 MR. PEARLSON: Okay. If we could show
18 him Hall-49.

19 (Exhibit Hall-49, 66-page Execution
20 Version Securities Purchase Agreement between
21 GlassBridge and ORIX dated October 1, 2019, Bates
22 stamped GBE_0009235 through 9300, is marked for
23 identification.)

24 THE WITNESS: Thank you.

25 Q. Mr. Hall, I'm going to ask you to look

CONFIDENTIAL

Page 518

1 at what's been marked as Hall-49 for identification.
2 It's a -- a securities purchase agreement Bates
3 stamped GBE_0009235 through 9300.

4 Do you recall that in October of 2019
5 that GlassBridge entered into a securities purchase
6 agreement with Orix?

7 A. Yes.

8 Q. Okay. And do you see that on page 1
9 that it says Seller owns all of the issued and
10 outstanding shares of common star- -- common stock,
11 excuse me, of Imation Enterprises Corp.?

12 A. Yes.

13 Q. Can you tell us what Imation
14 Enterprises Corp. is?

15 A. It was a wholly-owned subsidiary of
16 GlassBridge Enterprises.

17 Q. And did you hold any ownership interest
18 in Imation at the time of this securities purchase
19 agreement?

20 A. Not directly.

21 Q. Okay. Did you hold it indirectly?

22 A. Well, I own 28 to 30 percent of the
23 parent, so indirectly, yes.

24 Q. Okay. And did -- and did you hold any
25 position or title at Imation at the time of this

CONFIDENTIAL

Page 519

1 trans- -- transfer or securities agreement?

2 A. No.

3 Q. Okay. Then it says at the -- in the
4 second paragraph, "immediately prior to the closing,
5 the company issued to seller a promissory note,
6 dated as of September 30, 2019, in the original
7 principal amount of 9 million and with a maturity
8 date of September 30, 2026, and a promissory note,
9 dated as of September 30, 2019, in the original
10 principal amount of \$4 million and with a maturity
11 date of September 30, 2026." And that's called the
12 Sport-BLX Note, and the first one's a Levy Note, and
13 it says they're collectively referred to as the
14 "Notes."

15 Can you -- can you tell us, in sum and
16 substance, what this transaction involved and what
17 -- what was the involvement of Sport-BLX in it?

18 A. Sport-BLX had no involvement in this
19 transaction. GlassBridge owned shares of --
20 actually, Imation owned shares of Sport-BLX, and it
21 also had a claim on some Levies from prior business,
22 and Orix made a loan to the company with those two
23 assets as collateral in two different promissory
24 notes.

25 Q. Okay. So -- so GlassBridge sold and

CONFIDENTIAL

Page 520

1 assigned the Levy note which was originally issued
2 by Imation in favor of GlassBridge to Orix as part
3 of this transaction, correct?

4 MR. SACK: Could we hear the question
5 again?

6 THE WITNESS: Yeah, I don't -- I don't
7 --

8 MR. SACK: Yeah.

9 THE WITNESS: Yeah.

10 MR. SPIRO: Slowly.

11 (Last question is read back by the
12 court reporter.)

13 A. I don't entirely know what that means,
14 but I'll try to answer it this way. Imation owned a
claim, which we called the Levy claims, and it
assigned it as collateral for a loan from Orix.

17 Q. Okay. And it did the same thing in
18 connection with a note collateralizing a debt that
19 was owed by Sport-BLX?

20 MR. SPIRO: No.

21 A. No.

22 MR. SACK: No.

23 Q. Okay. Could you explain what -- what
24 the Sport-BLX note was?

25 A. Imation owned a certain number of

CONFIDENTIAL

Page 521

1 shares of Sport-BLX common stock, and Orix made a
2 loan to Imation and held Sport-BLX -- the Sport-BLX
3 shares as collateral for the loan.

4 Q. And do you know how much Orix paid to
5 purchase the combination of the stock and the notes
6 referenced in this agreement?

7 MR. SACK: Objection to form.

8 A. Well, the notes were 9 million and 4
9 million respectively. I don't recall what they paid
10 for the common stock.

11 Q. Does -- if you look at paragraph 1.2,
12 does that refresh your recollection?

13 A. Okay. I think I understand.

14 So I think this -- the way this is
15 structured is as a -- a loan, but they -- the way
16 they worded this here is they took possession of the
17 collateral. Kind of like what we call a repurchase
18 agreement is the way it seems worded here, but I'd
19 have to look a little closer at some of the other
20 parts of the document to -- to be definitive. But
21 the total amount -- the total consideration for the
22 two notes and for the common stock of Imation that
23 was purchased by Orix appears to be the \$17 million
24 number.

25 Q. And what role, if any, did the Clinton

CONFIDENTIAL

Page 522

1 Group play in this transaction?

2 A. We helped negotiate that deal with
3 Orix.

4 Q. Was that pursuant to any kind of
5 agreement with GlassBridge? Was that part of the
6 management services agreement?

7 A. Well, the management services
8 agreement was -- I don't -- I don't recall the
9 specific language -- was basically do whatever you
10 can to help GlassBridge survive.

11 Q. Do you know if GlassBridge had a
12 specific retention agreement with GlassBridge for
13 this transaction for the services it provided?

14 A. I don't --

15 MR. SPIRO: Can you read the question
16 back? I think you used GlassBridge twice in that
17 sentence.

18 MR. SACK: Yeah.

19 MR. PEARLSON: Okay.

20 (Last question is read back by the
21 court reporter.)

22 Q. No, the -- let me rephrase it because
23 it was -- it was garbled.

24 My question is do you know whether the
25 Clinton Group had a retention agreement with

CONFIDENTIAL

Page 523

1 GlassBridge for -- in order to provide services in
2 connection with this transaction?

3 A. I think the -- I don't think there was
4 a specific agreement with respect to this
5 transaction.

6 Q. Okay. So there was no -- you don't
7 believe there was a specific written agreement in
8 connection with this transaction?

9 A. I think it was part of the written
10 agreement that was in place, which would include
11 this, as well as other things.

12 Q. And that's -- is that the management
13 services agreement that you referred to previously?

14 A. Yes.

15 Q. Okay. If we could go back to Hall-11.
16 (Exhibit Hall-11, 85-page GlassBridge
17 Enterprises, Inc. Form 10-K for fiscal year ending
18 December 31, 2019, is marked for identification.)

19 Q. Do you know the amount of -- of this --
20 of the -- what the Clinton Group was paid -- strike
21 that.

22 First of all, can you describe the
23 services the Clinton Group provided in connection
24 with the transaction?

25 A. With this transaction?

CONFIDENTIAL

Page 524

1 Q. Yes.

2 A. Negotiation of the documents.

3 Negotiation of the documents, negotiation of the
4 terms, coming to -- helping Orix understand Imation.
5 They were just from start to finish, the whole deal.

6 Q. If you could turn -- I'm going back to
7 what's the form 10-K for GlassBridge Enterprises
8 that was marked as Hall-11. If you could turn to --

9 MR. SACK: For calendar -- for fiscal
10 year ending December 31, 2019?

11 MR. PEARLSON: Correct.

12 Q. And if you could turn to page 74 of 85
13 at the bottom of that document. The top of the page
14 says "Note 15 - Related Party Transactions."

15 MR. SACK: I'll just caution the
16 witness that if he feels he needs to refer to other
17 portions of the document to do so.

18 A. Okay.

19 Q. Okay. In the middle of the page it
20 says, "On September 13, 2019, the board approved a
21 success fee in connection with the completion of the
22 Orix transaction and the pension settlement to
23 Clinton." Do you see that?

24 A. Yes.

25 Q. Okay. Is that referring to the

CONFIDENTIAL

Page 525

1 transaction, the securities purchase agreement we
2 just looked at?

3 A. Well, it's one part of it.

4 Q. Okay. And what is it referring to when
5 it says "and the pension settlement to Clinton"?

6 A. The -- no, the pension settlement
7 wasn't to Clinton. The -- Clinton was paid the fee,
8 so there was a fee for the pension settlement paid
9 to Clinton.

10 Q. For -- for performing services in
11 connection with the pension settlement?

12 A. Correct.

13 Q. Okay. And then it says, "The board
14 approved a fee equal to 15 percent of the cash
15 consideration," what is that, "for its work on the
16 Orix transaction"?

17 A. So I -- well, I could see what it
18 said. What's the question?

19 Q. Well, first of all, I guess who
20 negotiated that -- or strike that.

21 How was the 15 percent fee determined?

22 A. It was discussion between myself and
23 Daniel Strauss, and the board of directors
24 ultimately approved.

25 Q. How would you characterize that fee?

CONFIDENTIAL

Page 526

1 Is it an advisory fee, a success fee? How would you
2 describe the fee described in there?

3 A. Well, they char- -- characterize it as
4 a success fee in the document. If the Orix
5 transaction had not closed, or if we had not settled
6 -- if GlassBridge had not settled with PBGC,
7 probably wouldn't have gotten that fee, so I think
8 it's reasonable to call it a success fee.

9 Q. Okay. And how was it negotiated, that
10 fee, that 15 percent fee, success fee?

11 A. I think we just looked at what was
12 customary or what was reasonable under the
13 circumstances, and it was reasonable to me and
14 reasonable to the board.

15 Q. Okay. And -- and which side of the
16 transaction were you on: The Clinton Group or the
17 GlassBridge side?

18 MR. SACK: Objection to form.

19 A. Well, I was on the Clinton Group side.

20 Q. Okay. And in terms of -- who else was
21 on the Clinton Group side in terms of negotiating
22 the success fee of 15 percent that we -- that's
23 reflected here?

24 A. Only me.

25 Q. And how about on the GlassBridge side;

CONFIDENTIAL

Page 527

1 who participated on behalf of GlassBridge and agreed
2 to the 15 percent success fee reflected here?

3 A. Okay. So I'm not exactly sure I
4 remember the timing because this says on September
5 13, so I'm not sure if there was a percentage
6 negotiated or -- or -- because the Orix transaction
7 happened -- I'm not exactly sure when the Orix
8 transaction closed. But in terms of the
9 negotiation, it was ultimately between me and the
10 board.

11 Q. And -- and in terms of the -- the 2
12 million 600 -- I believe it's -- I can't read it
13 that well. Either 655 or 635,000.

14 A. Yeah.

15 Q. 2,635,000. Was that success fee paid?

16 A. Yes.

17 Q. Okay. And the transaction closed?

18 A. Yes.

19 Q. Do you know when that -- when that
20 happened?

21 A. When it was paid, or when it closed?

22 Q. When it closed.

23 A. I think it was -- it was right around
24 this time. I don't know if it was -- the actual
25 close was October 1, but, you know, there was a long

CONFIDENTIAL

Page 528

1 period of time where the -- the deal was effectively
2 done, subject to documentation, so I'm not really
3 sure of the dates, but it was right around this
4 time.

5 Q. Was anyone from Sport-BLX advised about
6 this transaction with Orix?

7 A. Well, "advised"? Joe De Perio knew
8 about it because he was on the board of GlassBridge,
9 but I don't think anybody at Sport-BLX was -- people
10 knew about it, so I'm not sure what you mean by
11 "advised."

12 Q. When you say "people knew about it,"
13 people on the Sport-BLX side knew about this
14 transaction?

15 A. Well, --

16 Q. Other than you and Mr. De Perio.

17 MR. SACK: Objection to form.

18 A. I don't re- -- I don't recall at this
19 time who was on the Sport-BLX board and who may have
20 known about this, but in terms of advising them,
21 Sport-BLX was completely unrelated to this
22 transaction.

23 Q. Okay. And -- and the same thing in
24 terms of the Clinton Group getting a success fee
25 with this transaction: There was no need, in your

CONFIDENTIAL

Page 529

1 view, to inform anybody at Sport-BLX about it?

2 A. Sport-BLX had nothing to do with it,
3 so it was a separate transaction.

4 Q. Okay. Now, in October, this -- this,
5 as we saw, the securities purchase agreement at
6 least was dated in September of 2019. In October of
7 2019 did GlassBridge make an investment in
8 Sport-BLX, an additional investment in Sport-BLX?

9 A. Yes, I believe they did.

10 Q. Okay. Now, as of October 2019, before
11 this additional investment, how much had GlassBridge
12 invested in Sport-BLX?

13 A. Their original investment from the
14 beginning was about a million dollars -- was a
15 million dollars. And then they may have made a
16 small additional investment in September, and then I
17 think they made another investment in October.

18 Q. Do you recall how much -- well, first
19 of all, do you recall how did the September
20 transaction come about?

21 A. I don't recall. They -- I think -- I
22 don't recall the specifics. I think -- I think
23 GlassBridge may have done two transactions. They
24 may have added some money to ARRIVE, its other
25 company, and they added some money to Sport-BLX.

CONFIDENTIAL

Page 530

1 Q. The September transaction, would that
2 have been approved by the Sport-BLX board, the sale
3 of the -- of the stock to GlassBridge?

4 A. I don't know if that was something
5 that was specifically approved by the board.

6 Q. Okay. Do you have any -- do you have
7 any recollection as to the price per share for the
8 -- for the September purchase by GlassBridge of --
9 of Sport-BLX stock?

10 A. I think the purchase was \$263.00 a
11 share with some cents, somewhere around there.

12 Q. Okay. And on what basis did -- who
13 made that determination as to the price per share to
14 sell -- and this was Sport-BLX selling its shares to
15 GlassBridge, correct?

16 A. Sport-BLX was creating new shares and
17 issuing them to GlassBridge, yes.

18 Q. Okay. And how did -- how was the --
19 the price of approximately \$263.00 a share, how was
20 that arrived at?

21 A. It was the price that equated to about
22 a \$35 million valuation of the company pre-money.

23 Q. Okay. So I believe when we -- we were
24 talking about the second round, you had talked about
25 a valuation of about 200 a share, which was based on

CONFIDENTIAL

Page 531

1 a \$25 million valuation, correct?

2 A. Yes.

3 Q. Okay. So what had changed with respect
4 to the company between the spring of 2019 and
5 September that justified the increased valuation to
6 \$35 million?

7 MR. SACK: Objection to form.

8 A. Well, GlassBridge's investment was --
9 and the valuation that GlassBridge used was somewhat
10 unrelated to the -- the ongoing operations of the
11 business.

12 Q. How so?

13 A. So Orix wanted to make a loan to
14 GlassBridge -- I apologize -- to Imation. They
15 wanted to buy stock and make a loan to Imation with
16 the ultimate goal of acquiring Imation for the
17 purpose of acquiring the net operating losses of
18 Imation. They didn't care at all about Sport-BLX,
19 they didn't care about the Levies, they wanted the
20 NOLs.

21 THE REPORTER: They wanted the...

22 THE WITNESS: Net operating losses, or
23 NOLs.

24 Q. So I'm trying to understand where --
25 how -- so what is that -- how does that relate to

CONFIDENTIAL

Page 532

1 the \$263.00 per share, which was based on a \$25
2 million valuation?

3 A. No, I think the 263 was --

4 MR. SPIRO: 35 million.

5 A. -- was based on 35 million.

6 Q. I'm sorry. 35 million.

7 A. And there were a couple of independent
8 investors earlier that had come in at that
9 valuation, I think in late June, early July, but the
10 GlassBridge -- the Orix transaction really was a
11 two-part transaction, and the second part was
12 scheduled to happen sometime in 2020, and it was in
13 GlassBridge's interest to get more assets on the
14 balance sheet. That's why it purchased more.

15 Q. Okay. I'm -- I'm still not following
16 you. You -- you said a few things there.

17 A. Okay.

18 Q. The -- the GlassBridge purchase of
19 additional shares in September was at \$263.00 a
20 share based on the \$35 million valuation, correct?

21 A. That's how -- that equates to a \$35
22 million valuation, so that's correct.

23 Q. Okay. And that valuation was based, in
24 part, on what other investors had been willing to
25 pay more recently, like in late June or early July,

CONFIDENTIAL

Page 533

1 and that's what that valuation was based, in part,
2 on?

3 A. Correct.

4 Q. Okay. And in terms of the -- the \$35
5 million valuation, it wasn't based on new
6 projections or new pro formas or anything like that;
7 it was rather based on what investors were willing
8 to pay at the time?

9 MR. SACK: Objection to form.

10 A. In June/July, or when GlassBridge did
11 it?

12 Q. When GlassBridge did it, that -- that
13 -- that \$263.00 per share.

14 A. When GlassBridge did it, it was really
15 based on the valuation of the loan that Orix made to
16 Imation.

17 Q. That's -- that's true for the September
18 purchase?

19 A. I think it's pretty close, yeah.

20 Q. Okay. And you indicated that a second
21 stage of the transaction was contemplated?

22 A. Yes.

23 Q. What was that second stage?

24 A. To buy more of the stock and
25 potentially loan more money to Imation.

CONFIDENTIAL

Page 534

1 Q. Buy more of what stock?

2 A. Imation stock.

3 Q. And again, was that with the goal of
4 taking over the net operating losses?

5 A. Taking over the company, which had
6 NOLs.

7 MR. PEARLSON: If we can show him
8 Hall-51.

9 (Exhibit Hall-51, Three-page Written
10 Consent of Board of Directors of Imation Enterprises
11 Corp. dated October of 2019 Bates stamped
12 GBE_0011474 through 11476, is marked for
13 identification.)

14 Q. And Mr. Hall, just to be clear, the
15 transaction we were talking about -- just talking
16 about, you believe that took place in September of
17 2019?

18 A. I think there was one in September and
19 one in October.

20 Q. Okay. And the one in September, I
21 believe you indicated you don't think it was
22 necessarily approved by the -- the board of
23 Sport-BLX?

24 A. In general, I don't think we approved
25 the new investors. We -- other than management's

CONFIDENTIAL

Page 535

1 approval, I don't think that was a board -- I don't
2 recall. I don't think there were board approvals of
3 new investments.

4 Q. Okay. So in terms of new investments,
5 is it fair to say it was left to you and
6 Mr. De Perio in your discretion in terms of the --
7 the share price and the transactions?

8 A. Well, it was certainly left to
9 De Perio and I to represent to the board what we
10 thought the value of the company was. When I say I
11 don't think it was a board action, I don't think we
12 approved and took a yes or no vote on it, but the
13 board was apprised of capital transactions along the
14 way.

15 Q. And -- and at this time was -- was
16 Sport-BLX still in need of capital injections such
17 as the ones that -- such as the one that was
18 presented by the sale of the shares to GlassBridge?

19 MR. SACK: Objection to form.

20 A. Well, at this time I think -- or
21 around this time GlassBridge agreed to loan money to
22 Sport-BLX through a demand note, so I think with
23 that, the need for capital was -- through the
24 historical equity raises was less critical, but
25 certainly it's always important to try to raise

CONFIDENTIAL

Page 536

1 capital.

2 Q. When did the loan take place with the
3 demand note in relation to the purchase of -- by
4 GlassBridge of the stock in September?

5 A. I don't recall the date.

6 Q. Okay. Do you recall what month it was?

7 A. I don't recall. It was -- it was
8 around this time, but I don't recall.

9 Q. Do you recall that in October
10 GlassBridge made another investment through the
11 purchase of Sport-BLX shares?

12 A. Yes. I think I just said that.

13 Q. Okay. Can you look at what's been
14 marked Hall-51 for identification? And I'm just
15 going to ask you to turn to -- it's Bates stamped
16 GBE_0011474 through -- I'm sorry. Hold on one sec.
17 Through 11476.

18 A. Okay.

19 Q. First question I had for you, this is a
20 Written Consent of Board of Directors of Imation.
21 Do you see that?

22 A. Yes.

23 Q. And -- and this is reflecting a
24 purchase of Sport-BLX common stock. Do you see that
25 on the second page?

CONFIDENTIAL

Page 537

1 A. Yes.

2 Q. Now, this was -- this was a purchase by
3 Imation as opposed to GlassBridge?

4 A. Yes.

5 Q. Okay. And do you know how this
6 transaction came about?

7 A. There -- I don't recall. There was
8 some -- I don't recall what it was, but there was
9 some event that led to some capital in Imation that
10 they wanted to reinvest. I don't recall the -- the
11 -- specifically what it was.

12 Q. And do you know who from Imation had
13 the idea of buying Sport-BLX stock?

14 A. Well, Imation had a separate board of
15 directors. Daniel Strauss was on the board, along
16 with the Imation -- the Orix representative, so I
17 don't recall whose idea it was at Imation, but at
18 Sport-BLX it was always my idea that people invest
19 more capital --

20 Q. Do you know --

21 A. -- and Joe's idea.

22 Q. -- whether Daniel Strauss had -- had
23 any role in initiating this transaction, the
24 transaction reflected in this document?

25 A. Well, all the directors had a role in

CONFIDENTIAL

Page 538

1 it, yes.

2 Q. Okay. And -- and do you -- did this
3 transaction actually go forward, the sale of 1,681
4 shares of common stock at a price of 346?

5 A. And what's the date? October 2'19.

6 So I -- I don't know if this is the
7 September or the October purchase. I think there
8 were two. So --

9 Q. Well, it says --

10 A. October. October.

11 Q. Okay. And -- and was this the October
12 purchase that you were just referencing before in
13 your testimony; it's by Imation instead of
14 GlassBridge?

15 A. Yes.

16 Q. Okay. And Imation was purchasing these
17 shares directly from Sport-BLX, correct?

18 A. Yes.

19 Q. And in terms of the price, this is
20 \$346.00 per share?

21 A. Yes.

22 Q. Do you have any idea how this price was
23 arrived at?

24 A. I think that equates to a price of
25 about \$50 million for the entire company pre-money.

CONFIDENTIAL

Page 539

1 Q. Okay. And again, do you have any idea
2 as to why the valuation of 50 million was justified
3 at this point in time in October of 2019 as opposed
4 to the \$35 million valuation we just saw?

5 A. So Orix -- I don't know the inner
6 workings of Orix, but basically I think Orix
7 suggested that they were going to make a loan to
8 Imation, and they were going to use different
9 valuations for different pieces of collateral. One
10 of those pieces of collateral was Sport-BLX,
11 Incorporated shares, and I think between them and
12 their outside consultant they agreed that a loan at
13 the valuation of 50 million was what they were going
14 to do.

15 Q. Did you -- did you, being Sport-BLX,
16 give any materials to Orix to make that
17 determination?

18 A. Orix did a lot of due diligence on the
19 company, yes.

20 Q. Are you saying that the -- Orix made
21 the determination that the price of \$346.00 per
22 share was acceptable?

23 A. Orix made the determination that that
24 was as much money as they could loan to the company
25 based on that collateral.

CONFIDENTIAL

Page 540

1 MR. PEARLSON: Okay. Why don't we
2 take a quick break now?

3 THE VIDEOGRAPHER: It is 5:12 p.m. We
4 are going off the record.

5 (Recess taken from 5:12 to 5:23 p.m.)

6 THE VIDEOGRAPHER: It's 5:23 p.m. We
7 are back on the record.

8 BY MR. PEARLSON:

9 Q. Mr. Hall, as of the fall of 2019 what
10 -- what was the interest you held in Sport-BLX
11 personally?

12 A. I think somewhere around 49 percent.

13 Q. And what was the interest that
14 Mr. De Perio held in Sport-BLX around the fall of
15 2019?

16 A. Probably something in the twenties. I
17 don't know exactly.

18 Q. Did there come a time when you and
19 Mr. De Perio discussed the possibility of selling
20 your personal shares to GlassBridge?

21 A. Yes.

22 Q. Okay. And when did that come about,
23 those discussions?

24 A. In the early part of December of 2019
25 or the middle part of December. I don't recall the

CONFIDENTIAL

Page 541

1 date.

2 Q. And do you recall who initiated those
3 discussions? Was it GlassBridge came to you to buy
4 your shares, or did you go to GlassBridge to sell
5 your shares?

6 A. I went to GlassBridge.

7 Q. You went to GlassBridge? And why did
8 you want to sell your shares as of December of 2019?

9 A. It occurred to me that there were some
10 significant advantage or advantages for Sport-BLX,
11 Inc. to -- if -- if they were -- if GlassBridge
12 owned the majority of the company, and so there were
13 a number of advantages for Sport-BLX, Inc., and then
14 there were a number of advantages for GlassBridge,
15 so it seemed like a transaction that benefited both
16 parties.

17 Q. Okay. So you were doing it -- you were
18 selling your personal shares to benefit both
19 GlassBridge and Sport-BLX? That's what you were
20 doing?

21 A. Well, ultimately I was -- the goal was
22 to benefit Sport-BLX, but of course GlassBridge is
23 not going to do it for the benefit of Sport-BLX
24 without some benefit to GlassBridge, so I obviously
25 look at the benefit to GlassBridge when I suggest to

CONFIDENTIAL

Page 542

1 them that they consider an opportunity.

2 Q. Okay. So first in terms of the
3 transaction, who did you approach from GlassBridge
4 about this potential transaction in December?

5 A. Most likely Daniel Strauss and --
6 yeah, Daniel Strauss.

7 Q. And in terms of selling your personal
8 shares in Sport-BLX, why did you want to sell your
9 personal shares in Sport-BLX as opposed to selling
10 Sport-BLX shares to GlassBridge?

11 A. Well, Sport-BLX didn't have any shares
12 to sell. It would have to create and issue new
13 shares. Is that what you're talking about?

14 Q. Yeah. Why -- why wouldn't you have
15 done that?

16 A. That seems like -- it doesn't seem
17 appropriate, and certainly was nothing we had ever
18 represented, nor was it anything that any
19 shareholder ever expressed any interest in.

20 Q. So if -- for example, why, if you were
21 looking for capital for Sport-BLX, wouldn't you
22 issue new shares to GlassBridge?

23 A. It would have been a -- I think a
24 terrible deviation from what the business plan was.

25 Q. Okay. And in what respect?

CONFIDENTIAL

Page 543

1 A. Well, people signed on for a
2 sports-related venture capital company. They didn't
3 sign on to be a corporate debt holder of a public
4 company that could be on the verge of bankruptcy at
5 any time.

6 Q. And in terms of the -- you know, you
7 spoke about the significant advantages to Sport-BLX
8 as a result of you selling your shares. Was it also
9 were those advantages only realized if you and
10 Mr. De Perio sold your shares together?

11 A. No, I think the advantages were if
12 GlassBridge got up to a number higher than 50
13 percent. Whether the shares came from me or Joe
14 didn't matter.

15 Q. Can you describe for us what you
16 perceived as the advantages to Sport-BLX by you
17 selling your shares to GlassBridge?

18 A. Well, there are a lot of them, and if
19 you go back to the FAQs, I think we talked about an
20 ultimate potential exit as being an IPO, so you
21 could look at this as a first step towards an IPO.
22 Second of all, GlassBridge, by taking a majority
23 ownership of Sport-BLX, would ultimately be taking
24 responsibility for doing all the financials and
25 consolidating those financials on the public

CONFIDENTIAL

Page 544

1 GlassBridge shares -- GlassBridge financial
2 statements. So that's an advantage for Sport-BLX
3 because it relieved us of accounting responsibility.
4 Public companies are known and viewed to have the --
5 you know, the highest standard of care when it comes
6 to accounting, and so that could be a potential
7 advantage to Sport-BLX, Inc. if there was ever a --
8 another transaction to do having those quality --
9 that quality of financials. The -- so -- and, you
10 know, there were a number of other -- other
11 advantages, I think, for -- for Sport-BLX, but it
12 was really the first step towards reverse merger
13 slash IPO.

14 Q. Okay. When you say "reverse
15 merger/IPO," what would happen in that transaction
16 that you just described?

17 A. Well, if we did a complete IPO, that
18 -- well, an IPO is taking a private company and
19 making it public. If GlassBridge bought a hundred
20 percent of the company, then the company would be a
21 wholly-owned subsidiary of GlassBridge, or if they
22 bought 50 percent, they -- it would be a
23 consolidated affiliate and take care of all the
24 accounting and the public company documents, public
25 company reporting. So by doing this amount, it

CONFIDENTIAL

Page 545

1 actually -- it really kind of made GlassBridge
2 beholden to Sport-BLX to be sure that Sport-BLX was
3 successful. And the biggest advantage to
4 GlassBridge was the fact that it was another asset
5 with a high valuation on its balance sheet for the
6 next part of the Orix transaction.

7 So Orix wanted to -- as crazy as it
8 sounds, Orix wanted to put as much money into
9 Imation as it could so that it could get control of
10 the NOLs, and this was just an asset that was
11 readily available that they understood that we could
12 put on the balance sheet of Imation to help with the
13 part two of the Orix transaction.

14 Q. Why didn't you just propose a merger
15 between GlassBridge and Sport-BLX that included all
16 the shareholders?

17 A. That would have been bad for other
18 shareholders. It's -- it's a transaction that would
19 have first been difficult to explain, and second of
20 all, it wouldn't have been in their interest, and I
21 wouldn't have recommended it, and if they did it,
22 and it didn't work out, it would be based on the
23 information I gave them. So it was -- it was a bad
24 transaction, in my view, for the other shareholders.

25 Q. Did you advise anybody on the Sport-BLX

CONFIDENTIAL

Page 546

1 board other than Mr. De Perio of these discussions
2 you were having with GlassBridge about selling your
3 personal shares to GlassBridge?

4 A. I don't recall -- excuse me. I don't
5 -- I don't recall what discussions I had with the
6 board members.

7 Q. When you approached Mr. Strauss -- or
8 who else did you speak with besides Mr. Strauss
9 about this potential transaction in which
10 GlassBridge would purchase your shares as well as
11 Mr. De Perio's?

12 A. Well, we talked about it to the board
13 of directors of GlassBridge.

14 Q. Did you make a presentation to the
15 board of directors of GlassBridge concerning this
16 potential transaction?

17 A. Verbal. Verbal presentation, yeah.

18 Q. You didn't give them any written
19 materials of any kind?

20 A. We might have. I don't recall.

21 Q. Do you recall when that -- was it at a
22 formal board meeting?

23 A. No, it was a special board meeting of
24 the GlassBridge shareholders in December of 2019.

25 Q. Okay. And prior to that board meeting

CONFIDENTIAL

Page 547

1 had you already had negotiations with GlassBridge
2 about the -- with representatives of GlassBridge
3 concerning the potential terms of the sale of your
4 shares and Mr. De Perio's shares?

5 A. I think those discussions happened
6 over the course of a day or two, so I don't know
7 what you mean by "prior."

8 Q. Okay. Well, did you -- let me ask you
9 this. When you came to GlassBridge with this
10 potential transaction did you propose terms --

11 A. Um-hum.

12 Q. -- when you came to them?

13 A. Yes.

14 Q. And what were the proposed terms?

15 A. That they initiate a purchase of
16 enough shares to get them over 50 percent, and that
17 they pay as little as possible in cash with as much
18 debt as possible.

19 Q. And that was your proposal to them,
20 generally?

21 A. Yes.

22 Q. All right. Did you -- did you have any
23 specific numbers to present to them in terms of the
24 price per share in terms of cash and the amount of
25 debt?

CONFIDENTIAL

Page 548

1 A. Well, I don't want to get into legal
2 things, and a lot of it is just relying on
3 experience, but to have a transaction be
4 appropriate, withstand scrutiny, there has to be a
5 certain amount of equity. Can't be zero equity and
6 all debt. So kind of the benchmark that I've used
7 historically is 10 percent equity makes the debt
8 look like what's called true debt, and I'm taxing
9 some of my memory on the accounting stuff.

10 So the idea was that GlassBridge could
11 acquire as much of the -- of the -- of this number
12 of shares they were going to buy with as little cash
13 and as much debt as possible. That's what we were
14 targeting.

15 Q. Okay. And who negotiated those deals
16 on -- that transaction on behalf of the GlassBridge
17 side of the equation?

18 A. Well, we presented it to Daniel,
19 Daniel presented it to the board, and the board
20 deliberated. I don't really know what was said.
21 Joe recused himself, and then ultimately within a
22 day or so the board agreed that they wanted to do
23 the transaction.

24 Q. So did the board agree to the terms you
25 presented to the board?

CONFIDENTIAL

Page 549

1 A. I don't recall if there was any
2 negotiation, but the basic terms of the price, we
3 wanted it to be consistent with Orix's loan and
4 understanding of the -- of the -- the previous
5 transaction, with the -- the numbers used in the
6 previous transaction. We wanted that to be the same
7 for the part two of the transaction, and we wanted
8 as little cash as possible, so I think ultimately
9 there wasn't much to negotiate.

10 MR. PEARLSON: Can we show him
11 Hall-52?

12 (Exhibit Hall-52, Two-page Minutes of
13 the Regular Meeting of the Board of Directors of
14 GlassBridge Enterprises, Inc. dated December 9,
15 2019, Bates stamped GBE_0009062 and 9063, is marked
16 for identification.)

17 Q. Let me ask you this, Mr. Hall. Were
18 there any documents or correspondence exchanged
19 between you and Mr. Strauss or any representatives
20 of GlassBridge before the deal was presented to the
21 GlassBridge board?

22 MR. SACK: Could I have the question
23 back again, please?

24 (Last question is read back by the
25 court reporter.)

CONFIDENTIAL

Page 550

1 A. I think the question is exchanged
2 between myself and the board or Daniel? I don't
3 think any from myself.

4 Q. And did -- do you recall if you
5 presented a price per share for the equity side of
6 the -- of the deal?

7 A. I think the price per share was around
8 the previous investment, as well as our
9 understanding of -- of Orix's internal valuation of
10 the company.

11 Q. Okay. And did you -- to be clear, did
12 you present that price per share to GlassBridge?

13 A. I don't know if I presented it or if
14 it was just mutually agreed to, but both parties
15 knew what the target was.

16 Q. Okay. What was the target?

17 A. To be consistent with Orix's
18 understanding of the value of the company, of the
19 previous transaction, and to set up GlassBridge to
20 do the second part of this transaction at as high a
21 value as possible.

22 Q. Okay. So if you could break it down,
23 so in terms of to be consistent with the Orix
24 transaction, what was the value per share that you
25 were talking about with GlassBridge?

CONFIDENTIAL

Page 551

1 A. The price per share with GlassBridge
2 was about 355 or 356.

3 Q. Okay. And then is that what was agreed
4 upon as to the equity part of the deal?

5 A. The equity part of the deal was, I
6 believe, \$35.00 a share.

7 Q. Was what?

8 A. The equity part of the deal was \$35.00
9 a share. The cash part of the deal. Is that what
10 you meant by the --

11 Q. Yes.

12 A. Yeah, \$35.00 a share.

13 Q. And the rest of the -- so the total
14 share price was 355 --

15 A. Right.

16 Q. -- broken down by equity and debt?

17 A. Correct.

18 Q. Now, if you could look at what's been
19 marked as Hall-52 for identification. This is
20 minutes from the -- from GlassBridge's board of
21 directors meeting on December 9, 2019. It's been
22 Bates stamped GBE_0009062 through 9063.

23 The -- the first thing I want to ask
24 you is it reflects here that Daniel Strauss was the
25 CEO and chief operating officer of GlassBridge at

CONFIDENTIAL

Page 552

1 the time. Do you see that?

2 A. I'm sorry. Where is that?

3 Q. It says "Also present at the meeting."

4 A. Yes.

5 Q. Was that Mr. Strauss' title with
6 GlassBridge at this time?

7 A. Well, ultimately, although below,
8 where it says "Daniel Strauss Employment," there
9 were some terms that were being negotiated, but it
10 is clear that the intention was to make -- for him
11 to be the chief executive officer and the chief
12 oper- -- chief operating officer, and that he had
13 resigned from Clinton Group.

14 Q. Why did he resign from the Clinton
15 Group?

16 A. To become the chief executive officer
17 of GlassBridge.

18 Q. Did it have anything to do with the
19 declining business of Clinton Group and the
20 refocusing?

21 A. No.

22 Q. And it says here on Office Move,
23 "Management informed the board that the company's
24 office is moving to a smaller office."

25 Does that have anything to do with the

CONFIDENTIAL

Page 553

1 problems that Sport-BLX or the Clinton Group was
2 having with the space located at 510 Madison Avenue?

3 MR. SACK: Objection to form.

4 A. Well, I don't keep the minutes of the
5 GlassBridge meeting, I wasn't in the meeting, so I
6 don't know specifically what they're referring to in
7 terms of a smaller office, and Ms. Sersea, serving
8 as secretary of the meeting, probably doesn't think
9 about these types of subtleties, but at this time
10 there was -- this was around the time that we had
11 tried to renegotiate -- Clinton had tried to
12 renegotiate with World Gold, and they had reneged on
13 the deal, so I'm not sure if it was 12/12, but it
14 was around that time. So...

15 And also at this point, GlassBridge
16 taking on these employees, GlassBridge would be
17 responsible for providing office space. So I think
18 at this point GlassBridge was considering
19 independently moving to a smaller office because
20 they had a small number of employees.

21 Q. Okay. Now, it says here, if you look
22 to the second page, it says, "The meeting continued"
23 and -- and -- first of all, it says, "Mr. De Perio
24 excused himself and left the meeting."

25 Do you understood -- did you understand

CONFIDENTIAL

Page 554

1 that he left the meeting because of a perceived
2 conflict in the transaction that was being
3 discussed?

4 MR. SACK: You mean did he understand
5 at that time?

6 Q. Right. That he -- that that's why he
7 was leaving the meeting?

8 MR. SACK: Does it show Mr. Hall was
9 at the meeting?

10 Q. Were you -- that's a good question.
11 Were you at this meeting?

12 A. No, I think I said earlier that I
13 wasn't at this meeting.

14 Q. Okay. It says, "The meeting continued
15 and management suggested to the board that acquiring
16 additional ownership in SportBLX from," it says
17 "Mrs.," but it -- it's -- I assume it's Messrs.
18 "De Perio and Hall could be beneficial to the
19 company. It would give the company voting control
20 of SportBLX. The board asked questions, discussed
21 and deliberated. Upon a motion duly made and
22 seconded, the board authorized management to
23 negotiate a transaction," again, when it says
24 "Mrs.," but I assume it would mean Messrs. "De Perio
25 and Hall and report back to the board."

CONFIDENTIAL

Page 555

1 Do you know who the management is
2 they're referring to there?

3 A. I think manage- --

4 MR. SACK: Objection to the form.

5 A. I think management was Daniel Strauss.

6 Q. Okay. And -- and in fact, it -- as of
7 after this meeting on December 9, did you begin to
8 negotiate a transaction for the sale of your shares
9 and Mr. De Perio's shares to GlassBridge?

10 A. Well, at some point after this we did
11 the transaction. I'm not sure what days the
12 negotiation were on, but after this meeting I would
13 assume so, yes.

14 Q. And just so, again, so I understand it,
15 as of the date of the board meeting had you already
16 proposed the terms for both -- well, start with the
17 purchase price of the -- of the shares.

18 A. I don't recall if the terms had been
19 specifically discussed at -- at this point, but I
20 think it was known by both sides that part of the
21 advantage was given the upcoming Orix transaction,
22 that needed to be somewhat consistent with the
23 previous transaction.

24 Q. Okay. And -- and had you discussed at
25 this point, going into this board meeting on

CONFIDENTIAL

Page 556

1 December 9, do you know whether you had already
2 discussed the -- the breakup between the debt and
3 the equity of the deal?

4 A. Well, I don't know if -- when you say
5 going into the meeting, I wasn't in the meeting.
6 You're just talking about going into December 9?

7 Q. Yeah, going into December 9.

8 A. I was somewhere else. Yes.

9 It was clear at that point that most of
10 it would have to be debt.

11 So everything really changed when Orix
12 did the transaction. GlassBridge was on the verge
13 of bankruptcy, the verge of insolvency and
14 defaulting on various obligations until the Orix
15 transaction happened. Once the Orix transaction
16 happened, GlassBridge had not only cash on its
17 balance sheet, but had the ability to look at other
18 transactions and had to focus on the second part of
19 the Orix transaction, which is somewhat complicated.
20 One of the -- one of the things they did along those
21 lines was increase their position in what was then
22 one of their -- one of the few assets that they had.

23 Q. Now, in terms --

24 A. If -- if I may, one of the things that
25 was also important that I didn't mention before, the

CONFIDENTIAL

Page 557

1 -- by having 51 percent or 50 percent of an
2 operating company, it relieved GlassBridge of
3 potential risks of becoming an investment company
4 per the 1940 Act, which is always on the company's
5 mind. So the big asset that they had other than
6 Sport-BLX was ARRIVE, and Sport-BLX, because of
7 their minority position, would be viewed as a
8 security under the SEC's definition and the Howey
9 test and so forth. But by taking more than 50
10 percent, then there's exceptions to the investment
11 company rule that that would no longer be considered
12 a security.

13 So there were a lot of complex reasons
14 why this was done, but it certainly helped
15 Sport-BLX, Incorporated because it now had a
16 well-capitalized big brother, for lack of a better
17 word.

18 Q. And is it fair to say that you never
19 considered including other shareholders from
20 Sport-BLX in this transaction?

21 MR. SACK: Objection to the form.

22 A. Well, to include -- I'm quite
23 confident that none of the shareholders, if they
24 really understood it, would have wanted to do this
25 transaction because it was not in their interests.

CONFIDENTIAL

Page 558

1 Q. So the -- it's fair to say that based
2 on your judgment, you decided not to include the
3 other shareholders in this transaction?

4 MR. SACK: Objection to the form.

5 A. The transaction was between three
6 parties: GlassBridge, De Perio, and myself. It had
7 nothing to do with the company itself. As manager
8 of the company, it's -- it's up to -- up to me to
9 decide which -- or to present things that I think
10 are good for shareholders, and given the information
11 I had at the time, it was clear that this deal would
12 not have been acceptable to any shareholders, given
13 the most recent board meeting and valuations that at
14 least one of the shareholders thought the company
15 was worth.

16 Q. Okay. Mr. Hall, can you turn to --
17 we're going to show you what's been marked Hall-53
18 for identification. These are GlassBridge board
19 minutes from December 11, 2019, that have been Bates
20 stamped GBE 0009060 through 9061.

21 (Exhibit Hall-53, Two-page Minutes of
22 the Regular Meeting of the Board of Directors of
23 GlassBridge Enterprises, Inc. dated December 11,
24 2019, stamped GBE_0009060 and 9061, is marked for
25 identification.)

CONFIDENTIAL

Page 559

1 Q. So Mr. Hall, this -- this is another
2 set of board minutes from GlassBridge dated December
3 11, 2019, and as you see, it's a board meeting where
4 you were not present as well. Do you recall that
5 two days after your initial -- the initial board
6 meeting to consider your transaction that there was
7 a subsequent board meeting?

8 MR. SACK: I'm sorry. Could I have
9 that question again, please?

10 (Last question is read back by the
11 court reporter.)

12 A. Actually, I'm not sure the premise is
13 correct. I think I was in attendance at this
14 meeting.

15 Q. You think you were -- you were present?
16 Is there someplace --

17 A. Well, --

18 Q. -- on this -- on this document that
19 indicates --

20 A. Well, --

21 Q. -- that you were present at that
22 December 11 board meeting?

23 A. "The board asked questions and
24 discussed the opportunity to purchase shares in
25 Sport-BLX from George Hall and Joe De Perio," so

CONFIDENTIAL

Page 560

1 it's a little -- it's not totally clearly written,
2 but this may have been the meeting where Joe and I
3 answered questions from the board.

4 Q. How many -- how many meetings did you
5 and Mr. De Perio attend of the -- of the GlassBridge
6 board where you were asked and answered questions?

7 A. Just one.

8 Q. Okay.

9 A. For me. I don't -- I don't know about
10 Joe De Perio.

11 Q. Okay. And again, this -- this
12 indicates that you weren't there?

13 A. I assume that -- I'm not sure. It
14 says "The board asked questions," and at the end it
15 says "from George Hall and Joe De Perio."

16 MR. SACK: I think the reference is to
17 who was present at the meeting up here. I think
18 that's maybe --

19 THE WITNESS: Oh.

20 MR. SACK: -- what Mr. Pearson is
21 referring to.

22 A. Okay. This -- I was not there.

23 Q. Okay. Do you recall what discussions,
24 if any, took place between you and representatives
25 of GlassBridge concerning the potential purchase of

CONFIDENTIAL

Page 561

1 your shares and Mr. De Perio's shares between
2 December 9 and December 11?

3 A. I don't specifically recall what
4 occurred between the 9th and the 11th.

5 Q. Had you agreed upon terms at that
6 point?

7 A. I don't recall when the terms were
8 agreed to.

9 Q. Had you drafted any documents for -- in
10 contemplation of the proposed transaction?

11 A. I did not draft any documents.

12 Q. Did you present -- in connection with
13 the December 11 meeting, did you present the
14 GlassBridge board with any documents or materials to
15 consider in their deliberations?

16 A. Well, I think -- I think it was said
17 before that I wasn't at the meeting.

18 Q. No, I know, but the question is are you
19 aware of either yourself or Mr. De Perio giving any
20 written materials or -- for the board to consider in
21 conjunction with the proposed transaction that you
22 were discussing with GlassBridge?

23 A. I'm confident I didn't give them any
24 written material. I'm -- I don't know if Joe did,
25 but very likely not.

CONFIDENTIAL

Page 562

1 Q. Did you use counsel in connection with
2 this transaction?

3 A. No.

4 Q. Did -- who drafted the documents --
5 well, strike that.

6 First of all, ultimately did you reach
7 a deal with GlassBridge to sell your shares and
8 Mr. De Perio's shares?

9 A. I reached a deal with GlassBridge to
10 sell my shares. Mr. De Perio reached a deal with
11 GlassBridge to sell his shares.

12 Q. And who drafted the documents that were
13 used to memorialize that transaction?

14 A. I believe it was Loeb & Loeb.

15 Q. Okay. And who retained Loeb & Loeb for
16 that purpose?

17 A. GlassBridge.

18 Q. Okay. And do you recall when they
19 first drafted the documents? When you first saw the
20 drafts of documents?

21 A. I don't recall.

22 MR. PEARLSON: Okay. Why don't we
23 break here, and this is a good breaking point, and
24 we'll have to have another day where we do a few
25 hours by Zoom, and we'll be done.

CONFIDENTIAL

Page 563

1 Okay. Thank you, Mr. Hall.

2 THE WITNESS: Thank you.

3 THE VIDEOGRAPHER: It's 5:52 p.m.

4 We're going off the record.

5 (Deposition concluded at 5:52 p.m.)

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CONFIDENTIAL

Page 564

1 CERTIFICATE OF DEPONENT

2
3 I have read the foregoing transcript of
4 my deposition and except for any corrections or
5 changes noted on the errata sheet, I hereby
6 subscribe to the transcript as an accurate record
7 of the statements made by me.

8
9

10 GEORGE HALL

11
12 SUBSCRIBED AND SWORN before and to me
13 this ____ day of _____, 20____.

14
15
16

17 NOTARY PUBLIC

18
19

20 My Commission expires:

21
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23
24
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Page 565

1 C E R T I F I C A T E
2

3 I, MARGARET VOLLMUTH-CORSON, a Certified
4 Court Reporter of the State of New Jersey, DO HEREBY
5 CERTIFY that, prior to the commencement of the
6 examination, GEORGE HALL was reminded of his oath to
7 testify to the truth, the whole truth, and nothing
8 but the truth.

9 I DO FURTHER CERTIFY that the foregoing is a
10 true and accurate transcript of the testimony as
11 taken stenographically by and before me at the time
12 and place and on the date hereinbefore set forth.

13 I DO FURTHER CERTIFY that I am neither a
14 relative nor employee nor attorney nor counsel of
15 any of the parties to this action and that I am
16 neither a relative nor employee of such attorney or
17 counsel and that I am not financially interested in
18 this action.

19

20



21

22

MARGARET VOLLMUTH-CORSON, C.C.R. 30XI00158400

23

24

This transcript was prepared in accordance with
N.J.A.C. 13:43-5.9.

25

CONFIDENTIAL

Page 566

1

ERRATA SHEET

VERITEXT/NEW YORK REPORTING, LLC

2

CASE NAME: Sport-BLX, Inc., Individually And
Derivatively On Behalf Of Its Shareholders v. Michael
Salerno

DATE OF DEPOSITION: 6/21/2023

4

WITNESSES' NAME: George Hall

George Hall

22

SUBSCRIBED AND SWORN TO BEFORE ME

THIS ____ DAY OF _____, 20__.

23

24

25

(NOTARY PUBLIC)

MY COMMISSION EXPIRES:

CONFIDENTIAL

[& - 2]

Page 1

&	370:14 393:5 403:20 517:21 518:8 527:25 1,681 538:3 1.2 521:11 1.6 354:24 10 282:4	11th 561:4 12 296:18,20 355:22 432:7 433:3 454:15 454:17 12/12 553:13 12/16 283:21	525:21 526:10 526:22 527:2 152 347:14 153550 282:7 385:2 16 441:11 444:22 445:12 446:12 447:13 470:11 17 284:4 471:5 491:22 493:9 521:23 18 337:15,16 388:18 19 319:23 344:22,23 347:22 517:4 1940 557:4 1:22 278:13 1:24 390:16,17 1:38 361:21
0	283:19 284:16 337:15,16 339:11 384:25 408:22 458:14 459:15 466:2 466:11 523:17 524:7 548:7	12/23 284:1 477:19 12/23/2019 283:21 470:3 284:1 477:20	470:2 470:11 17 284:4 471:5 491:22 493:9 521:23 18 337:15,16 388:18 19 319:23 344:22,23 347:22 517:4 1940 557:4 1:22 278:13 1:24 390:16,17 1:38 361:21
00001215 281:20 326:12	10.00 511:13	1215 326:18,20	2
00001216 326:16	10017 279:9	1217 281:21	296:15,19 323:6 347:16 348:25 349:5 353:24 354:10 355:22 356:22 357:1 359:9 360:2,2 394:8 400:2 401:8 402:9 403:6,6 403:12 408:21 415:3 452:24 479:1 500:10 527:11
0003774 281:15 303:8 438:2	10022 452:6	326:12,17	
0003775 303:18	10065 288:2	128721 284:8	
0005173 283:19 458:15 459:18	10154 279:20	492:1	
0009060 285:3 558:20,24	105 278:23	12:14 378:11	
0009062 284:25 549:15 551:22	279:2	12:17 378:13	
0009235 284:14 517:22 518:3	11 282:1	12:33 390:13	
0011474 284:20 534:12 536:16	284:16 285:3	390:15	
01243 278:4 286:17	308:6 368:20	13 297:22	
0128721 493:13	392:20 523:15	524:20 527:5	
0153550 385:6	523:16 524:8	13966 565:21	
07068 279:3	558:19,23	13:43-5.9.	
07601 279:16	559:3,22 561:2	565:24	
1	561:13	14 281:14	
1 284:14 286:9 322:20,20 324:15 350:11	11476 284:21 534:12 536:17	303:7,16,19 304:19,20	
	118.00 359:4	342:8 438:4,15	
	11:38 361:24	438:20,22	
	11:40 370:13	15 410:9 524:14 525:14	

CONFIDENTIAL

[2'19 - 26]

Page 2

2'19	538:5	284:17,20,24	480:2 498:12	212	279:9,20
2,244	370:15	285:3 292:1,4	498:12 502:18	218.00	370:16
2,635,000		292:19 294:10	502:19 503:9	22	278:4
527:15		297:4,6,22	510:16 515:5		282:14 286:14
2.0	504:6	298:8 302:21	517:15,21		286:17 405:24
20	284:6	303:7,17,20	518:4 519:6,9	22.3	409:10
344:13,17		305:2 306:19	523:18 524:10	23	283:14
347:22 373:20		310:22,23	524:20 529:6,7		406:11 448:14
373:25 374:22		311:5,7,11	529:10 531:4		449:10 450:1
374:23 377:23		317:7,9 318:5	534:11,17		452:2,19
491:24 564:13		318:7 319:21	539:3 540:9,15		456:13,23
566:22		319:22,25	540:24 541:8		470:12 473:24
200	360:18	320:1,24 321:2	546:24 549:15		473:25 474:4
530:25		321:4,13,18	551:21 558:19		481:24
200.00	330:8	322:8,11 325:6	558:24 559:3	23rd	482:2,11
331:14,16		326:4,10 327:6	2020 284:4		482:12,14
332:6,8 355:2		327:20 328:15	294:8 295:23	25	279:15
355:11 357:14		341:8 344:21	295:25 435:21		281:18 326:7,9
357:15 358:6		345:21 347:4	488:22 491:23		326:15 328:21
358:12 360:10		347:22 350:5	493:9 500:22		329:1,4 332:18
360:25 361:4		355:19 356:2	502:19 505:1		332:20 336:10
200.18	332:11	373:25 374:5	510:19 532:12		336:11,12
332:17		377:23 379:3	2021 500:10		346:14 348:2
201	279:16	387:18 388:15	504:7 507:14		396:6 397:6,9
2017-18	316:24	389:3 403:18	510:18,21		397:18,18,19
2018	282:5	405:25 411:25	511:20 513:11		398:14 400:10
296:25 319:23		414:15 419:1	2023 278:24		400:17,23
384:25 385:17		432:7 433:2,3	286:3		401:6 403:20
388:19,23		436:22 438:4	2026 519:8,11		404:8 531:1
389:3 503:6		438:15 441:11	21 278:24		532:1
515:4 517:4		444:22 445:12	281:19,22	250,000	330:4
2019	281:14,19	447:14 448:15	286:2 326:10	257.00	357:4,9
281:22 282:8		449:10 450:1	329:15 347:3		357:16
282:14 283:14		456:13,23	349:9	26	281:22
283:19 284:14		458:14 459:15			322:14 347:2,3

CONFIDENTIAL

[263 - 5]

Page 3

263 532:3	387:17 388:3	368 282:1	44 283:17
263.00 530:10	516:1 518:22	3776 281:15	449:6 458:11
530:19 532:1	519:6,8,9,11	303:8 438:3	458:12
532:19 533:13	303 281:12	38 283:1	445 283:7
27 295:23,25	30xi00158400	426:19,25	447 283:10
480:2 481:25	565:22	384 282:4	448 283:14
484:25 487:18	31 284:17	387 282:8	45 283:21
27556 282:25	311:7 329:15	39 283:4	470:1,2,8
421:17,24	352:1 523:18	431:25 432:1,5	458 283:17
27th 482:3,7,8	524:10	390 282:12	46 284:1
482:17	314 281:16	3:52 490:11,13	477:18,19,25
28 282:1	32 282:12	4	478:23
368:18,20	390:19,24	4 296:18,20	47 284:4
369:13 518:22	326 281:18	297:20,23	491:21,22
288 281:4	34 282:14	370:14 454:14	493:1
29 281:22	405:23,24	519:10 521:8	470 283:21
282:4,12 347:4	406:6	40 281:12	477 284:1
352:1 355:23	345 279:19	303:3,5,10,11	48 284:9 500:3
356:7 384:23	346 538:4	303:14 436:7,8	500:4,8
384:24 385:4	346.00 538:20	438:1	48152 281:25
390:19 515:25	539:21	405 282:14	347:6
295 281:9	347 281:22	407-4852	49 284:12
2:03 349:9	35 282:19	279:20	517:18,19
2:09 426:13	413:17,18,23	41 283:7 445:4	518:1 540:12
2:11 426:16	414:1 530:22	445:5,11	49.6 409:9
2:39 448:24	531:6 532:4,5	413 282:19	491 284:4
449:1	532:6,20,21	42 283:10	49509 409:3
2:59 449:1,2	533:4 539:4	447:3,4,10	49523 282:18
3	35.00 551:6,8	421 282:22	406:3
3 282:8,14	551:12	426 283:1	4:08 490:13,14
296:5,24	355 551:2,14	43 283:14	5
387:17 403:19	356 551:2	448:13,14	5 329:25
405:24	36 282:22	449:6	394:10,18,25
30 282:8 323:1	421:13,14,22	432 283:4	421:25 451:21
324:13 387:16			494:10

CONFIDENTIAL

[5/2/21 - 9300]

Page 4

5/2/21	284:9	452:11 454:5,6	635,000	527:13	8/5	282:24
500:4		553:2	655	527:13		421:16
50	538:25	517	284:12	66	284:12	8/5/2019
539:2,13		5175	283:20		517:19	282:20 413:19
543:12 544:22		458:15 459:18		69th	288:1	8/9/19 282:24
547:16 557:1,9		52	284:22		7	283:2 421:16
500	284:9	549:11,12		7	302:12	426:21
500,000	308:3	551:19			365:22,23	8111 278:13
500,000.00		523	284:16	7/20/2019	286:14	
289:13 290:3		406:10,14,16			282:2 368:22	82 281:9
290:17 291:6		52353	283:16	7034	371:2	294:25 295:2,7
293:2 308:16		448:16		7035	369:19	85 281:16
308:19 309:2		52397	283:23		370:12 371:6	284:16 314:21
50526	414:4	470:5,10		7043	282:3	314:22 315:1
50528	282:21	52410	284:3		368:23 369:15	523:16 524:12
406:8 413:20		477:22 478:25		71.9	408:23	856-9600 279:9
414:3		525-6305			412:6	9
50631	283:3	279:16		74	524:12	
426:22		53	285:1	788	445:13	284:24 315:15
50787	283:13	558:17,21		789	445:13	320:18 405:25
447:7		530-2100	279:3		8	408:4 427:2
50789	283:9	534	284:18	8	282:8 300:4	452:24 519:7
445:8		549	284:22		353:2 387:18	521:8 549:14
51	284:18	558	285:1		388:14 389:6	551:21 555:7
534:8,9 536:14		565	279:8	8/12/2019	283:4 432:1	556:1,6,7
557:1		57.00	357:17		8/16	561:2
510	289:1	5:12	540:3,5		283:7,10 445:6	9061 285:4
290:1 291:13		5:23	540:5,6		445:5 447:4	558:20,24
291:16,19		5:52	563:3,5	8/17/2019		9063 284:25
295:15 298:3					283:7,10 445:6	549:15 551:22
298:16 303:21		6	288:1		447:5	92553 282:11
305:22 306:6		6/21/2023			8/2	387:20 388:4
325:23 365:16		566:3			282:20	9300 284:15
366:7,12		600	527:12		413:19	517:22 518:3
449:12 452:5						

CONFIDENTIAL

[95.00 - advising]

Page 5

95.00 331:14	accounts	actually 294:10	adds 408:23
973 279:3	367:12	301:19 335:3	adequate
9:30 288:19	accuracy	338:10 340:12	411:22
9th 561:4	335:19 441:3	343:19 345:18	administer
a	accurate 409:9	350:24 355:8	286:23
a.m. 278:24	429:11 441:4	364:4,10 376:5	administrators
286:2 361:21	564:6 565:10	377:17 379:13	310:10
361:25 362:1	accused 372:18	385:20 399:16	advance 362:22
abandoned	acknowledged	436:10 465:10	423:20 458:20
489:6	338:11 376:13	465:10 466:23	advanced
ability 556:17	486:12	468:12 479:2	341:7 509:20
able 306:14	acquire 497:8	484:11 519:20	advantage
333:11 358:2	512:2 513:5	538:3 545:1	541:10 544:2,7
411:17 462:23	548:11	559:12	545:3 555:21
above 359:12	acquired 513:2	ad 444:5	advantages
359:12 415:2	acquiring	add 313:7	541:10,13,14
abramowitz	531:16,17	354:7 409:2	543:7,9,11,16
279:8 287:11	554:15	added 529:24	544:11
absurd 357:11	act 345:11	529:25	advice 389:17
357:12	382:23 456:17	addition	389:19,25
acceptable	557:4	324:14 351:7	390:6,9 400:7
333:3,5 429:13	acting 517:6,7	351:17 365:12	431:11 456:9
539:22 558:12	517:7	366:6,21	460:15,18,22
access 429:3	action 286:24	459:12 503:11	462:2,8 463:9
accommodated	467:8,23	515:23	advise 305:4
334:8	535:11 565:15	additional	351:21 422:4
accomplish	565:18	334:13 370:9	422:11 430:11
444:16	actions 388:22	374:5 416:19	545:25
accordance	activities 307:8	451:17 504:8	advised 349:24
565:23	acts 372:16,19	529:8,11,16	442:16 469:14
accountant	372:25 373:16	532:19 554:16	478:7 528:5,7
320:15	373:17	address 376:16	528:11
accounting	actual 387:4	addresses	advising
293:9 544:3,6	407:13 527:24	306:4 385:11	345:21 352:4
544:24 548:9			528:20

CONFIDENTIAL

[advisor - anybody]

Page 6

advisor	374:15 515:7	agreed	324:2 333:2 376:14	allowed	309:16	329:24 330:2
advisors	377:8 377:13,16,18 377:20		441:8 480:5 527:1 535:21 539:12 548:22	alluded	368:14	331:6 334:10
advisory	443:25 526:1		550:14 551:3 561:5,8	alter	465:23 466:16	336:3 340:22 359:14 363:16
affiliate	322:20 322:20 323:6 324:15 344:5 382:24 383:2 544:23	agreeing	284:13 318:13 370:15 380:4,5	alternate	465:19 467:14	366:19 387:11 398:24 399:1
affiliated	343:21,21 353:4 488:8	agreement	380:22 452:3 476:11 504:18 504:23 505:3	alternative	424:15 443:1 466:24 467:5	402:17 404:15 412:13 420:8
affiliates	320:19,21 487:22		512:7 515:12 517:20 518:2,6 518:19 519:1	alternatives	468:4,6 497:1 471:11 495:10	421:4 428:23 430:6 445:18
affiliation	339:25		521:6,18 522:5 522:6,8,12,25	altogether	424:8 513:12 297:3	502:17 510:10 520:14
affiliations	287:4		523:4,7,10,13 525:1 529:5	american	367:9 514:17	answered
affirmative	380:19	ahead	324:15 366:5 428:4	amount	289:5 299:21,24	307:14 324:20 340:9 391:13
afraid	431:2		484:4	answer	312:12 316:22 316:23 317:4	answering
agenda	458:22 458:25 459:6 459:12	al	286:14 297:4 312:13	answers	308:11 322:3 519:7,10	407:13 429:7
agents	322:1 335:11 509:23	allegation	356:20	anticipate	521:21 523:19 544:25 547:24	434:5 291:9 309:12
agree	286:7 363:19,21 376:14 480:2 513:20 514:21 548:24	allegations	313:15 308:2	analysis	333:7 365:8 500:5,10 507:7	309:16 318:17 328:1
		alleged	354:8 431:16	andrew	284:10 279:8	anticipated
		allocation		annual	381:23	290:18 335:7
				answer	300:18 308:24 310:15 311:2	anticipation
				answer	320:7,11	494:4 318:17 328:1
						anybody
						290:6 355:12 359:18 359:21 374:21 405:7,15 418:2

CONFIDENTIAL

[anybody - asked]

Page 7

431:20 456:2	applicants	472:1 473:8,17	548:4
477:14 483:5,6	386:19	473:19 474:6	approval
484:19,21,24	application	475:19,25	323:19 324:1,9
485:3 505:10	282:12 382:4,5	478:5 480:8,22	433:24 460:1
505:17 508:18	382:14,16	483:1 485:5	535:1
528:9 529:1	384:3,14	487:21,23	approvals
545:25	385:16 386:2	488:2 491:8,9	491:5 535:2
anymore 305:9	387:4 388:7,24	493:17	approved
anytime 316:15	389:1,23 390:7	applications	459:21,25
345:25	390:20,25	384:10 393:7,9	478:5,19 506:5
anyway 454:20	391:17,22	393:19	506:21 524:20
apart 345:12	392:1,11,18	applied 490:19	525:14,24
apologize	393:13,17	applies 404:11	530:2,5 534:22
345:24 362:17	400:22 404:7	apply 386:23	534:24 535:12
531:14	404:18,25	395:13 399:8	approximate
appear 437:20	405:4,9,12	399:10,12,14	334:25
493:15	407:5 412:24	402:7 438:19	approximately
appearance	414:15,18	applying	278:24 358:7
287:2	416:3,10	435:11 467:21	359:4 361:4
appearances	417:11 419:14	490:20 494:5	530:19
287:4	419:16,19	appreciation	april 308:6
appeared	424:6 431:16	333:16	344:22 345:16
436:11 437:10	434:7,10,20	apprised	345:19 370:14
437:15	435:4,25 436:3	535:13	435:21 488:22
appears 438:3	436:13 438:8	approach	arising 302:18
455:4 521:23	438:18,22,23	498:8 542:3	arm's 331:22
applicant 383:4	440:24 441:24	approached	arose 478:17
393:8 394:9,12	441:24 442:3,9	312:24 546:7	arrive 321:15
394:15 395:2	442:11 443:2	appropriate	529:24 557:6
413:5 420:14	448:6 457:5	288:22 331:17	arrived 413:8
430:21 431:17	460:6,12	332:15 351:7	530:20 538:23
434:24,24	462:17 463:25	351:18 358:14	art 365:7
439:12,15,18	464:6,8 466:3	363:8 364:4	asked 307:13
440:22 451:13	466:11,13,18	430:10,10	312:18 324:19
462:16	469:6 470:21	470:21 542:17	337:25 340:8

CONFIDENTIAL

[asked - authorized]

Page 8

364:11 371:15	assets 316:16	athlete's 382:8 383:11	attention 296:5 347:15 414:8
371:17,18,25	317:5 335:5	athletes 322:1,9 335:11 338:17	432:8 445:17 454:14 468:3
372:4 373:10	342:13 343:14	338:25 339:19	478:24 479:1
374:16,19	344:2 383:10	340:15,25	attorney 287:5
377:17 391:12	383:11 489:15	343:25 508:21	301:11 390:4
415:3 417:8,9	489:17,20	509:21,25	565:14,16
422:1 425:16	490:4 501:19	ats 497:1,5,6,12 497:13,19	attorneys 279:6 279:13,18,22
425:17 429:2,9	504:21 507:4	attach 372:4 attached	419:12
431:8,21	519:23 532:13	282:16 347:17	attract 335:5
441:23 446:7	556:22	348:18 349:17	374:4
446:11 449:5	assigned 520:1	382:10 406:2	attributed
464:23 475:8	520:16	416:14 493:21	289:13 366:3
475:12 477:3	assignment	attaching 284:6	audio 286:6
479:22 483:17	302:11	491:24	august 281:14
503:1 554:20	assist 364:25	attachment	283:14 284:4
559:23 560:6	384:13,14	281:20 326:11	303:7,16,19
560:14	385:15 391:21	349:20 406:19	304:19,20
asking 307:16	associates	406:21,24	379:2 381:3
336:16 337:18	408:16	attachments	414:15 419:1
338:12 349:13	assume 315:10	421:25 427:1	421:25 427:1
389:21 398:1	340:10 355:24	432:7 433:3	432:7 433:3
399:5 400:12	371:18 407:17	attempt 335:18	438:4,15,20,21
411:7 412:8	413:11 417:1	attempted	441:11 444:22
414:10 415:14	437:23 457:22	330:23	445:12 446:12
417:20 422:13	506:11 514:17	attempts	447:13 448:14
422:21 427:4	554:17,24	484:12 507:18	449:10,25
438:24 451:12	555:13 560:13	510:15	456:13,23
451:16 455:3	assumed	attend 560:5	483:20,21,23
464:18 471:2	309:20,21	attendance	491:22 493:9
483:10	assuming	559:13	authorized
asks 412:4	468:16	attended 351:4	286:23 554:22
423:1	assured 473:20	436:18	
asset 343:17	474:9 476:24		
382:8 545:4,10	athlete 383:15		
557:5	501:2,6		

CONFIDENTIAL

[available - bd]

Page 9

available	399:13,21,25 330:18 424:8 545:11	400:1,2,2,2,20 402:8,9,23	bad 496:10 545:17,23	basis 297:2 309:2 316:20
avenue	279:8 279:19 289:1 290:1 291:14 291:16,19 298:3 303:21 305:22 306:6 449:13 452:6 452:11 454:5,6 553:2	403:3,4,5,12,24 404:10 409:7	badly 325:17 baez 278:8 back 310:13 316:17,18	332:10 353:22 398:25 420:9 473:22 474:11 476:25 530:12
avoided	460:20	320:17 345:25	469:23,24 479:9,12,21 481:6,14	bates 281:14,20 281:24 282:2,6
awakening	484:11,12	350:10 355:22 358:22 362:2 362:16 368:15 375:20 378:13	balance 299:22 320:8,12 532:14 545:5 545:12 556:17	282:10,17,20 282:24 283:2,5 283:9,12,15,19 283:23 284:3,7
aware	315:11 340:5 366:6 388:21 392:8 400:9,16 416:9 418:2 422:5 478:15 479:7 479:13 480:13 480:19 481:4 488:6 508:1 510:15 561:19	390:18 398:19 398:21 416:18 421:3,6,24 441:8,16,20 444:20,21,22 444:25 448:22 449:3 463:1,3 471:5 474:22 476:3 485:16 486:22 490:8 490:15 491:5 498:11 499:25 520:11 522:16 522:20 523:15	banker 500:14 bankruptcy 543:4 556:13 barrier 380:23 base 447:23 based 293:3 301:14 309:4,5 333:12 335:10 380:10,19	284:10,14,20 284:24 303:8 303:18 326:11 326:16 347:5 347:14 368:22 385:1,6 387:19 406:3,7 410:18 413:20 414:2 421:16,23
awareness	400:13	444:25 448:22 449:3 463:1,3 471:5 474:22 476:3 485:16 486:22 490:8 490:15 491:5 498:11 499:25 520:11 522:16 522:20 523:15	404:4 420:16 420:20 440:1 488:5 530:25 532:1,5,20,23 533:1,5,7,15 539:25 545:22 558:1	426:21 432:2,6 438:2 445:7,12 447:6 448:15 451:22 458:14 459:17 470:4,9 477:21 491:25 500:5 517:21
b		524:6 540:7 543:19 549:23 549:24 554:25 559:10	basic 549:2 basically 391:13 471:14	518:2 534:11 536:15 549:15 551:22 558:19
b	393:9 394:8 394:22 395:12 395:13,16 396:25 397:11 397:12,13 399:2,5,7,8,10 399:11,11,13	background 430:9 501:24	497:14 522:9 539:6	bd 282:12 386:8,17,25
		backup 310:2	basing 430:3	390:19,25 391:10,22

CONFIDENTIAL

[bd - blockchain]

Page 10

392:22 395:17	believe 294:6	506:16 508:11	377:13 541:18
398:11 399:5,7	295:13 301:13	516:19,20	541:22,23,24
401:24 402:8	308:6,13 313:6	523:7 527:12	541:25
416:11 451:13	314:8,19	529:9 530:23	benefited
becoming	316:24 317:18	534:16,21	541:15
557:3	318:5 319:21	551:6 562:14	benefiting
began 296:25	322:3 323:8	believed 320:24	356:17
306:17 334:5	327:23 329:19	358:13 466:17	best 336:6,20
472:4,12	330:8 331:11	ben 437:18	353:22 354:23
517:14	332:11,16,24	benchmark	371:23 442:17
beginning	333:1,18,22	548:6	444:16 460:4
287:5 320:20	337:25 339:3	bene 420:11	467:8,23
320:22,23,25	352:9 353:9	beneficial	474:12
321:2,9 337:15	356:3 358:5	312:16 333:19	better 309:7
470:11 529:14	359:25 360:24	399:22 417:24	431:3 509:2
begins 353:20	363:24 364:10	420:11,15	557:16
389:11	366:13 367:23	422:2,21 423:4	beyond 363:3
behalf 278:4,13	368:7 372:9	423:8,13	367:1,4 368:16
286:12,16	378:1 388:11	427:24 428:9	458:9 504:8
287:20 294:4	388:25 389:2	428:10 429:16	bid 358:23
305:18 393:13	390:1,3 391:19	431:18,23	big 342:25
393:18,20	395:24 402:3	435:2 437:18	484:13 557:5
404:18 435:5	403:17 404:7	438:25 439:8	557:16
435:14 441:7	405:21 407:8	440:7,22	biggest 344:2
453:12 469:6	417:20 419:23	441:10 443:5	545:3
475:25 505:8	427:16 428:6	447:25 448:4,8	bill 367:8
505:25 516:22	432:22 437:12	451:16 460:19	bills 365:19
527:1 548:16	438:19 444:3	462:24 467:19	binders 434:1
566:2	449:17 459:22	467:20 468:17	bio 389:10
behavior	461:21,23	483:2 513:25	bit 296:11
373:22 375:2	464:15 465:9	554:18	319:18 431:19
381:15,25	469:9 471:22	beneficiary	509:4
beholden 545:2	475:7 480:16	425:7	block 389:8,10
belief 301:14	481:13 499:7	benefit 342:7,9	blockchain
	504:18 505:11	342:24 343:13	289:20

CONFIDENTIAL

[blx - blx]

Page 11

blx	278:4,9,9 278:13 279:13 279:13 281:14 282:16 283:18 284:6 286:12 286:14 287:13 287:13 288:25 289:6 290:10 290:12,19 291:13 292:1 292:19 293:1,4 293:16,22 297:10 298:5 298:14 299:2 299:12,24 301:4,8 302:4 303:7,16 304:4 304:8,12 305:5 305:11,18,21 306:6,18 309:22 310:6 310:11,20 311:6,18 312:17 320:24 321:17,17 322:8 323:6,11 323:15 324:9 324:12,17,21 324:22 325:13 326:2 327:15 327:21 331:15 332:4,14 338:15,18 339:1,9,19,20 341:4,22 342:7	342:9,12,14,16 342:24 343:2,9 344:5 345:7,12 346:5,10,20 354:4,13,20 355:13,18 356:11,17 357:9 358:8 360:7 363:11 364:2,8 365:13 365:20,25 366:1,9,17,20 367:10,16,18 369:3 374:18 376:23 380:14 382:11,17,21 382:24 383:3,5 383:8,20,24 384:1,12 386:22 389:20 390:2,7 391:6 391:10,11 393:13,18,19 393:20,22,23 393:25 394:1,2 394:3,24 395:9 395:19,20 400:25 402:2,5 403:18 404:10 404:19,19 405:9 406:2,24 407:7,10,23 409:15,18,18 409:21,21 412:8,9 413:4	413:5 415:18 415:25 417:10 417:10 418:3 420:23 422:6 423:21,24 424:2,3,8 428:8 429:8 431:4,4 435:7 435:18,19,24 436:4,7,21,22 437:16 440:5 442:22 443:5 443:10,12,12 444:11,17 445:24 447:24 449:12,15,22 451:12 452:13 452:15,19,21 453:12,22 454:4,10,22,23 454:25 455:9 455:23 456:2 456:18 457:5 458:14 459:10 459:10,16 462:18 463:24 464:6 466:3,17 467:20 468:13 468:14,23 469:6,21 472:19 473:7,7 475:25 477:14 478:1 480:5 481:18 482:23 482:25 484:20	484:22 485:3,5 486:1,21 487:20,21,22 488:4,10,11,11 488:16,19,21 489:1,6,7,15,18 489:21,24,25 490:2,3,18 491:12,24 493:8,17 494:16 495:3,6 495:16,18,19 496:1,4,5,7,13 496:13 497:3,7 497:14,17,18 497:21,25 498:6,10 499:25 502:2,2 502:3,7,9 503:9,12,14,19 504:2,5,17,19 504:19 505:8,9 505:14,18,23 505:25 506:1,5 506:11,12 507:2,13,14,16 507:19,20 508:2,3 509:9 510:1 511:20 511:21 512:13 512:14,20,20 512:21,22 513:1,2,3,4,5,6 513:13 519:12
------------	---	--	---	--

CONFIDENTIAL

[blx - broker]

Page 12

519:17,18,20	323:11,19	466:12 470:18	470:16 479:1,2
520:19,24	324:1,9 329:21	470:24 471:3,9	479:3 482:13
521:1,2,2	350:14,22,24	471:13 473:5	524:13
528:5,9,13,19	351:3,4,9,20,22	480:4 487:14	bought 328:4
528:21 529:1,2	352:3 361:10	506:5,9,10	354:6 355:18
529:8,8,12,25	363:24 364:3	515:13 524:20	356:1 544:19
530:2,9,14,16	364:17,22	525:13,23	544:22
531:18 534:23	365:3,9,10	526:14 527:10	boy 397:11
535:16,22	367:18 368:3	528:8,19 530:2	brand 322:3
536:11,24	373:21,25	530:5 534:10	break 293:21
537:13,18	374:2,5,7,9,11	534:22 535:1,2	347:9 361:20
538:17 539:10	374:13,17,20	535:9,11,13	387:25 390:12
539:15 540:10	374:22 375:1,3	536:20 537:14	448:20 490:8
540:14 541:10	375:7,18 376:1	537:15 546:1,6	540:2 550:22
541:13,19,22	377:1,8,12,12	546:12,15,22	562:23
541:23 542:8,9	377:15,18,20	546:23,25	breakdown
542:10,11,21	377:25 378:2,6	548:19,19,22	308:15,19
543:7,16,23	378:19,19,21	548:24,25	breaking
544:2,7,11	380:3,7,15,19	549:13,21	562:23
545:2,2,15,25	380:24 381:12	550:2 551:20	breakup 556:2
553:1 557:6,6	381:15,19	552:23 554:15	brief 458:22
557:15,20	419:3,7,8,16,22	554:20,22,25	bring 319:5
559:25 566:2	425:23 428:22	555:15,25	323:19 324:1
blx's 305:18	436:11,17,22	558:13,18,22	345:4 468:3
323:10 325:22	437:4,10,16,20	559:2,3,5,7,22	bringing
340:16 373:25	437:23 438:4	559:23 560:3,6	375:11 376:6,8
385:16 452:5	439:3 443:16	560:14 561:14	broader 325:25
478:17	443:17,21,25	561:20	broke 288:24
board 281:13	444:2,6,20,22	board's 468:3	362:4 490:18
283:18 284:19	445:1 458:13	515:15	broken 551:16
284:23 285:2	458:19,23	boils 344:12	broker 282:13
303:6,16 304:4	459:4,16,20	books 363:2,18	382:13,22,25
304:7,13 305:4	460:11,15	bottom 296:18	383:4 384:11
305:5,9 307:7	461:3,17,22	296:20 348:10	386:9,20
307:7 312:2	462:3,7,13	350:11 408:14	388:10,11

CONFIDENTIAL

[broker - cancel]

Page 13

390:20 391:1	build 496:2	494:10 495:22	c.c.r. 565:22
392:7 423:22	built 321:22	496:12,14,15	calculation
424:9,16,24	363:5 508:7	496:21 498:11	357:6 409:12
425:2,4,7	bulk 515:13	503:8 504:9,10	calculations
434:13 435:11	bus 362:14	508:24 509:1	333:7
435:14 440:5	business	509:22 510:3	calendar 524:9
442:22 443:2	282:17 284:7	510:23 519:21	call 301:23
444:11,14,18	289:9,11,23	531:11 542:24	341:20 344:15
455:24 466:19	308:12 309:15	552:19	357:24,24
467:22 468:10	315:19,21	businesses	358:22 383:1
468:12,22,25	317:19 321:24	472:5	394:5 395:4
470:18 471:3,6	322:5,6 330:23	buy 310:8	424:12 429:12
471:15,18,23	333:13,14,16	328:7 353:21	430:20,20
472:5,20	335:14 343:2	354:9,19	431:12,13
473:16 478:2	362:21,22	358:20,21	436:17 437:22
478:18,19	363:7,20 364:1	360:23 501:2,6	446:18 471:9
485:4,21 486:3	364:24 365:1	501:19,19	471:13 472:8
486:22 487:10	366:3 367:16	510:12,15,21	475:15,16,16
487:23 488:17	378:18 379:13	513:19 531:15	480:4,11,12
489:3,9,14	384:8,9 406:2	533:24 534:1	515:2 521:17
490:20,23	406:25 407:4,7	541:3 548:12	526:8
491:1,3,12,17	409:2,5 416:13	buyer 332:23	called 292:8
493:18 494:5	423:20 424:10	332:24	302:1 321:15
496:8,24,25	424:13,17,21	buyers 383:15	383:3 384:8
498:19 504:1	424:22 441:11	buying 354:3	460:6 484:16
512:8,15,23	444:16 453:17	360:7,9 510:24	484:17 488:10
513:3 514:1	453:19,21,23	510:24 537:13	497:22 500:13
brokers 453:2	454:2 465:22	buyout 356:6	504:18 515:11
brother 388:6	465:23 466:16	359:9,15,19,23	519:11 520:15
557:16	467:9,24	484:13	548:8
brought 307:25	468:24 472:23	buys 357:15	calls 396:14
308:2,3,5	484:12 485:10	c	399:23 412:10
428:22	485:12 486:14	c 278:20 279:1	425:24
budget 433:24	491:25 493:4,8	394:14,20,21	cancel 480:12
	493:16 494:8	565:1,1	

CONFIDENTIAL

[cap - chiesa]

Page 14

cap 410:22	492:4,6	ccarbone	cgi 296:25
capabilities	card 367:9	279:21	297:21 300:5
512:21	care 391:14	cents 530:11	315:20
capability	427:23 531:18	ceo 338:15	chain 347:13
512:13	531:19 544:5	454:16,22,23	369:15 372:8
capacity 310:5	544:23	454:25 455:2	388:14 406:7
capital 318:9	carefully	455:20 516:14	414:2 445:12
319:4,7,14,14	339:12 385:23	517:7 551:25	470:10 478:24
320:3,4,9	403:8 404:11	certain 288:7	chairman
321:4,10	433:11 496:17	299:24 320:19	318:21
335:14 338:16	case 278:3,13	362:5 363:7	chance 449:7
338:24 339:10	288:17 325:18	366:8 370:16	change 333:14
340:3 354:7,8	362:16 394:2,9	376:11 394:8	443:4 472:17
355:23 357:14	394:15 396:4	423:15,15	498:10 566:5
357:15,25	397:3,14 401:4	433:5,18	changed 498:5
358:2,11,19	401:16 402:9	503:12 517:10	498:6 531:3
359:1 394:19	446:10 566:2	520:25 548:5	556:11
396:7 397:7,19	cases 459:22	certainly 365:2	changes 459:24
398:15 400:11	cash 299:22	366:14 374:20	460:3 470:21
400:18,24	317:11 329:22	427:22 441:19	472:15,18
403:17,21	525:14 547:17	535:8,25	473:11 564:5
404:9 501:5	547:24 548:12	542:17 557:14	char 526:3
504:5 535:13	549:8 551:9	certainty 469:8	characterize
535:16,23	556:16	certificate	525:25 526:3
536:1 537:9,19	cause 381:14	564:1	charge 366:13
542:21 543:2	381:17 382:1	certified	366:14
capitalization	caused 315:24	278:21 565:3	charges 366:16
319:12	316:9	certify 565:5,9	chasten 492:14
capitalized	causes 317:22	565:13	check 297:8,8
557:16	caution 301:11	cesar 278:8	chief 505:13
carbone 279:21	524:15	279:13 287:14	551:25 552:11
287:15,15	cc 362:20	469:23,24	552:11,12,16
296:10 303:10	371:24	479:5,8 482:15	chiesa 278:22
303:12 326:18	cc's 408:7	ceo 516:14,20	279:2 286:19
361:23 413:23		517:7	287:7

CONFIDENTIAL

[child - commercial]

Page 15

child	432:24	444:15 466:8	515:19 516:9	collect	382:11
choice	344:13	466:23 478:13	516:12,22		424:25 472:20
chris	287:15	560:1	521:25 522:25		495:21 497:15
	326:21				498:20
christian		clerk 295:23	523:20,23	collecting	
279:21		client 301:11	524:23 525:5,7		292:17 293:16
christopher		clin 299:24	525:7,9 526:16		424:23 490:5
278:8 279:14		clint 369:14	526:19,21	collectively	
287:14		clinton 278:9	528:24 552:13		519:13
circumstances		281:11,17	552:14,19	combination	
403:11 526:13		290:6 291:9	553:1,11		513:17 521:5
citing	440:13	292:2,20,24	clinton0007...	combine	510:6
city	305:25	293:2,6,23	368:23 369:14		511:18 512:1
	309:25	294:4,7,12,17	clintono007...	come	357:17,21
civil	278:22	295:4,10,15	282:3		412:15 448:22
claim	519:21	296:1 297:11	clips 434:1		478:10 529:20
	520:15	297:11,14	close 527:25		532:8 540:18
claims	520:15	298:2,6,15	533:19		540:22
class	373:21	299:2,13,18,25	closed 439:16	comes	335:19
	375:1 394:11	300:10,25	526:5 527:8,17		342:21 375:3
	395:1,1 397:9	301:3 302:2,17	527:21,22		510:11 544:5
	401:6	303:20 304:8	closer 521:19	comfortable	
clear	345:13	304:14,24	closing 519:4		430:9 507:10
	347:23 349:7	306:15 310:5	cole 279:15	coming	464:14
	360:17,22	313:3,13	287:19		464:14 524:4
	395:22 401:18	314:23 315:8	coleschotz.com	commencem...	
	417:7 444:17	315:25 316:9	279:17		565:5
	467:2 468:2	317:2,11,18	collateral	commencing	
	475:21 498:9	318:2,12,15,18	519:23 520:16		278:24
	515:17 534:14	319:2,9 324:24	521:3,17 539:9	comment	
	550:11 552:10	365:12,13	539:10,25		427:24
	556:9 558:11	366:10,21,24	collateralizing	comments	
clearly	356:14	367:11,12,15	520:18		436:18
	375:8,9 398:5	453:16,20,24	colleagues	commercial	
	418:10 440:20	454:1 502:9	287:11		309:19,24
		503:7,10,13			

CONFIDENTIAL

[commission - concepts]

Page 16

commission	companies	485:9,10	complete
382:10 564:20	454:3 470:23	487:12,14,18	362:13 422:4
566:25	494:25 501:25	487:19 491:3	422:11 544:17
commissions	502:1 504:24	496:3,6,8	completely
343:16 382:7	512:11 544:4	497:22 498:11	288:11 314:13
382:11 383:9	company	500:14 509:10	476:5 528:21
424:23,25	289:16,17	509:15 512:7	completion
425:6,8 472:21	309:5 311:17	513:8,21 514:1	524:21
488:18 490:6	318:15 321:15	514:9,17,18	complex
495:21 497:16	321:19 322:19	515:16 519:5	313:14 404:5
498:20 509:13	328:5 330:5	519:22 529:25	557:13
common	333:3,5,24	530:22 531:4	compliance
518:10,10	335:12 350:1	534:5 535:10	423:20 465:7
521:1,10,22	353:11 357:13	538:25 539:19	465:12
536:24 538:4	357:15 358:18	539:24 541:12	compliant
communicate	358:21,24	543:2,4 544:18	423:22
418:22 431:15	362:25 363:2	544:20,20,24	complicated
480:9	364:18 374:15	544:25 550:10	556:19
communicated	375:7 377:10	550:18 554:19	comprised
290:5 473:19	386:9 396:5,23	554:19 557:2,3	412:17
480:6 481:13	409:25 419:25	557:11 558:7,8	computer
communicating	423:11,16	558:14	289:18
481:17	430:11 439:9	company's	computers
communication	439:20 440:7	306:24 307:7	310:1,8 365:14
418:23 419:4	441:9,16,21	357:25 441:9	366:8,11,14,15
425:25 430:21	442:18 443:1	465:22 467:18	con 462:22
446:6 471:14	455:2 464:16	467:19 497:14	concept 333:12
482:18	465:5,8,14,15	512:9 552:23	333:13 335:3
communicati...	465:16 467:9	557:4	341:6 356:16
392:14 416:2	467:24 470:19	compare	368:14 377:5
430:7 480:14	470:22 471:24	496:18	428:7 429:12
482:22 484:21	472:2,16	complaint	509:20
485:2 486:9,10	473:12,22	281:9 295:2,8	concepts 468:9
486:19 487:8	474:11 475:18	296:10,14,15	468:11
	476:4 484:13	296:19	

CONFIDENTIAL

[concern - contracts]

Page 17

concern 427:10 428:2 concerning 302:18 344:20 352:25 364:1 378:5 431:1 436:13 451:18 462:9 479:9 517:10 546:15 547:3 560:25	confused 340:18,20 402:15 482:5 confusing 375:5 512:7 confusion 334:23 471:7 conjunction 489:24 561:21 connection 300:4 310:3 315:7 345:7 384:2 390:7 405:9 457:4 458:20 459:4 498:1 520:18 523:2,8,23 524:21 525:11 561:12 562:1	470:25 521:21 525:15 considered 343:1 372:25 373:16 374:9 434:17 435:11 436:4 508:10 557:11,19 considering 322:18 336:7 468:7 490:20 553:18 consistent 348:5 398:7 549:3 550:17 550:23 555:22 consolidated 544:23 consolidating 543:25 connections 310:2 consensys 289:5,8,16 290:23 308:12 383:19,22 consensys's 291:5 consent 284:18 534:10 536:20 consider 420:5 474:21 542:1 559:6 561:15 561:20 consideration 381:24 424:2	consulting 289:19 384:9 consuming 379:11 contact 392:14 405:20 430:13 431:22 462:23 463:13 464:5 464:15 514:20 contained 335:24 346:13 contemplated 344:4 353:21 533:21 contemplation 561:10 context 321:24 361:9 428:13 442:23 444:10 continuation 288:6 continue 286:6 298:10 335:21 376:16 continued 298:11 345:4 467:2 553:22 554:14 continuous 342:13 365:4,5 contract 382:9 contracts 322:9 322:10 341:1 501:2,6 508:23 508:25 509:21
--	--	---	--

CONFIDENTIAL

[contributed - couple]

Page 18

contributed	cooperation	367:23 372:3,8	corson 278:21
394:18 396:6	422:25 423:19	380:8,9 381:5	286:22 565:3
397:6,19	copy 325:20	383:25 386:23	565:22
398:14 400:10	452:2,10	393:14,23	cost 293:3
400:23 403:21	copying 447:13	394:6 395:11	365:5 375:9
404:8	corp 282:16	395:14 397:13	376:7
control 545:9	284:19 406:2	401:1,10 402:3	costs 365:8
554:19	406:24 449:12	402:5,14 403:2	counsel 287:3
conversation	449:16 518:11	411:2 429:25	377:14 378:23
333:1 350:14	518:14 534:11	430:1 432:9,18	379:1,23
355:16 368:3	corporate	455:12 458:2	380:11,13,17
411:22 432:12	321:6 376:9	460:12 466:19	391:21,23,24
432:14 440:11	392:5 433:25	476:23 481:19	392:2,5,7
444:3,4 462:15	462:18 468:21	481:25 488:25	421:1 429:3,9
465:10 479:5,8	514:23 543:3	490:21 498:7	429:10,22
479:12,14,17	corporation	499:8 502:5	430:11 441:7
479:20 482:15	394:10 401:1,4	503:22 504:3	441:15,20
485:23	401:17 404:9	505:24 520:3	442:4 475:15
conversations	404:10 459:17	524:11 525:12	475:16,17
286:5 352:8	488:23	530:15 531:1	478:7 480:5,5
356:13 379:1	corporation's	532:20,22	480:6,15,17,19
380:10,12	468:21	533:3 538:17	480:24 481:2
415:13 421:9	correct 292:21	551:17 559:13	481:15 505:15
428:13 432:18	294:3,8 297:4	corrected	562:1 565:14
432:20,23	301:2,6 303:21	399:25	565:17
433:16 483:13	310:14 313:13	corrections	counsels
486:1,18,19	319:21 322:10	564:4	429:12
convert 357:3	322:23 323:8	correctly 393:3	count 289:11
convinced	323:12 324:13	438:23 469:22	392:23,24
477:8	325:2,3,7,8,13	correspon	counted 393:3
coo 517:7	326:2 328:5	416:1	counter 359:22
cooperate	341:14,15	corresponden...	county 295:23
424:5 443:14	343:7 348:11	415:13 416:2	couple 292:4
467:1	349:11 357:1,7	418:24 420:17	316:7 422:20
	360:25 367:19	448:1,2 549:18	532:7

CONFIDENTIAL

[course - data]

Page 19

course 422:1 445:17 467:8 467:23 468:9 469:4 477:1 541:22 547:6	cripple 379:13 critical 535:24 cryptic 471:13 csglaw.com 279:4,5 current 295:19 295:21 307:12 309:15 313:9 408:22 411:8 412:5 465:23 currently 510:5 511:18 cursory 449:9 493:23 customary 505:5 526:12 customer 490:3 509:16,18 cut 395:6 402:18 cv 278:4,13 286:14,17 cyp 399:10 403:22 cypress 278:3 278:17 279:6,7 281:20 286:11 286:17 287:8 288:17 326:12 326:16 354:12 354:19 355:1 355:18 356:1 356:25 359:9 360:7,9,23 379:4,7 380:5	394:25 395:8 395:19,24 396:13,13,21 398:10 399:9 399:12,14,21 400:5,10,17,23 401:23 402:1,8 402:23 403:13 403:19,23 404:8,17,17,22 404:24 405:8 411:19,22 412:16,18,22 413:3 414:18 414:23 415:5,6 415:7,18 417:4 417:16,23 418:3,4,17 419:18 420:1 420:10 422:2 422:22 423:6 425:12,19 426:3 427:5 428:16 429:5 429:17 431:1 431:23 434:6 437:18,18 439:7 441:8,9 442:5 447:25 448:5 451:17 451:18 460:19 462:9,24 464:21 467:18 468:17,18,20 469:4,15	473:18 474:5 475:6 478:3 479:6,10,23 480:7,14,21 481:8,11,19 483:15 484:23 495:6,14,15 510:16,21,24 513:13 d d 279:21 386:5 396:3,17,19,22 500:18 daiana 293:13 297:18 298:24 damage 484:11 damages 314:7 dan 287:7 492:3 daniel 278:7 279:5,22 280:5 287:16 318:19 318:20 516:21 517:5 525:23 537:15,22 542:5,6 548:18 548:19 550:2 551:24 552:8 555:5 danny 516:14 dashboard 363:5 data 308:14 330:17,18 359:2,5
--	--	---	--

CONFIDENTIAL

[date - deals]

Page 20

date	334:11,19 346:1 364:13 374:1 457:18 465:22 473:25 511:3 519:8,11 536:5 538:5 541:1 555:15 565:12 566:3	458:4 515:14 515:14,14,14 547:6 548:22 562:24 564:13 566:22 days 371:8 375:23 555:11 559:5	453:9 455:21 457:3,7 459:2 459:20 470:4 477:21 479:3 480:1 487:1 488:9,24 491:23 493:3 494:12 499:2	388:10,11 390:20 391:1 392:7 423:22 424:9,16,24 425:2,4,7 434:13 435:11 435:14 440:5 442:22 443:2 444:11,14,18 455:24 466:19 467:22 468:10 468:12,22,25 470:18 471:3,6 471:15,18,23 472:5,20 473:16 478:2 478:18,19 485:4,21 486:3 486:22 487:10 487:23 488:17 489:3 490:20 490:23 491:1,3 491:12,17 493:18 494:5 496:8,24,25 498:19 504:1 512:8,15,23 513:3 514:1 dealers 489:9 dealing 464:5,7 464:8 deals 343:25 508:14 509:6 548:15
dated	281:14 281:19 282:2 282:20,24 283:2,18 284:13,20,24 285:3 303:7,16 303:19 326:10 368:22 388:13 388:14 413:19 421:16,25 426:21 432:7 445:12 447:13 458:14 463:6 470:10 500:10 517:21 519:6,9 529:6 534:11 549:14 558:23 559:2	278:7 279:18 280:3 281:23 282:9 282:15,23 283:2,8,12,22 284:2,5,9 286:13 287:20 287:21 318:20 327:6,8,10 328:3 331:8 347:5 355:12 355:15 356:18 371:23 372:5 372:19 381:21 383:22 387:19 405:18 406:1 408:7 409:10 409:17 412:7 413:11 414:10 416:7,25 417:18 418:2 418:15 419:5 421:15 422:21 422:25 425:17	499:21 500:5,9 501:21 503:4 503:17 506:3 528:7,16 535:6 535:9 540:14 540:19 543:10 546:1,11 547:4 553:23 554:18 554:24 555:9 558:6 559:25 560:5,10,15 561:1,19 562:8 562:10 deal 310:11 312:17 344:15 380:1 499:3,6 499:8,22 522:2 524:5 528:1 549:20 550:6 551:4,5,8,9 553:13 556:3 558:11 562:7,9 562:10 dealer 282:13	444:11,14,18 455:24 466:19 467:22 468:10 468:12,22,25 470:18 471:3,6 471:15,18,23 472:5,20 473:16 478:2 478:18,19 485:4,21 486:3 486:22 487:10 487:23 488:17 489:3 490:20 490:23 491:1,3 491:12,17 493:18 494:5 496:8,24,25 498:19 504:1 512:8,15,23 513:3 514:1 dealers 489:9 dealing 464:5,7 464:8 deals 343:25 508:14 509:6 548:15
dates	298:19 457:9 461:24 528:3	413:11 414:10 416:7,25 417:18 418:2	549:20 550:6 551:4,5,8,9 553:13 556:3	
david	279:17 287:19 374:7 374:10 377:17	418:15 419:5 421:15 422:21 422:25 425:17	558:11 562:7,9 562:10	
day	289:21 362:8 363:22 363:22 373:20	426:21 436:6 437:7 445:7 447:6 452:25	382:13,22,25 383:4 384:11 386:9,20	

CONFIDENTIAL

[debates - determination]

Page 21

debates 365:4,6	decided 433:5	definitive 430:6	492:18 563:5
debt 501:16	433:18 473:7,8	521:20	564:4 566:3
520:18 543:3	475:24 476:16	delaware	derivatively
547:18,25	476:20 480:11	376:10 378:23	278:4,13
548:6,7,8,13	487:15 498:10	379:1 380:13	286:12,15
551:16 556:2	558:2	delay 375:21	566:2
556:10	decision 442:19	481:22	describe
december	497:20	deliberated	317:16 392:21
282:4 284:17	decisions	548:20 554:21	498:25 523:22
284:24 285:3	343:24 363:25	deliberations	526:2 543:15
297:22 298:12	declaration	561:15	described
299:9 305:2	281:16 314:18	demand 535:22	317:16 339:11
306:19 311:7	314:22 315:3,7	536:3	366:7 367:5
325:9,10 334:6	317:8 320:18	demanded	439:12 497:9
384:24 385:16	322:14	448:4	501:9 504:9
388:18,23	declining	demanding	509:11,12
389:3 470:11	313:11 552:19	362:19 363:5	526:2 544:16
470:12 471:5	deductions	demands 363:2	description
473:9,13,24,25	313:8	denied 507:11	281:8 453:20
474:4 480:1,4	defaulting	department	designated
481:24,25	556:14	282:15 293:9	497:1,5
483:21 484:25	defendant	406:1 408:4	designation
487:18 489:6,6	279:18	departure	384:11 514:23
523:18 524:10	defendants	474:15,16	desire 471:12
540:24,25	278:11,17	depending	desired 441:6
541:8 542:4	279:6,13,22	306:10	desks 292:9
546:24 549:14	288:17	deponent 564:1	despite 372:7
551:21 555:7	define 320:4	deposit 299:5	detail 336:2
556:1,6,7	424:20	309:20,21	498:25
558:19,23	defined 395:23	310:7 312:16	detailed 362:18
559:2,22 561:2	definitely	313:9,10 324:4	453:20
561:2,13	405:17 434:16	deposition	determination
decide 339:24	definition	278:6 286:10	290:2,23
442:17 558:9	469:3 557:8	286:18 288:6	331:16 332:5
		330:17 337:7,9	530:13 539:17

CONFIDENTIAL

[determination - disclosed]

Page 22

539:21,23 determined 289:5 308:9,16 330:11,25 331:19,20 332:2,14 357:19 525:21 determining 291:5 333:4 deterministic 339:22 detrimental 364:16,20 develop 340:14 340:18 364:6 489:2,8,13 499:11,13,14 510:3 developed 322:1,2 335:3 383:19,21 development 472:7 498:22 499:10 deviation 542:24 dgold 279:17 dictionary 492:22 differ 495:25 difference 483:24 differences 496:12,19,21	different 289:9 299:25 306:16 327:2 331:5,5 360:1,15 361:3 366:4 367:13 410:12 431:19 443:11 456:8,8 461:22 466:22 469:2 486:17 498:17 501:13 519:23 539:8,9 difficult 315:20 317:1,6,7,10 336:18 356:14 485:9 545:19 dig 297:15 diligence 415:9 539:18 direct 296:5 303:17 345:23 347:15 366:2 367:4,15 369:24 392:14 393:7,22 394:3 394:25 395:9 401:6 402:4,5 404:20 405:20 425:9 432:8 445:16,19 448:2 454:14 478:25 516:3 directed 480:9 directing 370:10	directly 372:3 376:8 394:10 405:14,16 411:21 415:15 416:1 418:15 425:11 429:16 430:2,13,25 431:1,10,15,22 433:6,19 434:3 446:7,11 461:16,22 462:23 463:7 463:13 469:19 518:20 538:17 director 327:14 327:21 362:24 363:9,11 364:8 376:23 379:8 449:12,15 directors 281:13 283:18 284:19,23 285:2 303:7,16 363:1,17,19,21 377:1,8 380:8 380:15 382:2 445:24 458:13 506:6,9,10,22 525:23 534:10 536:20 537:15 537:25 546:13 546:15 549:13 551:21 558:22 dis 414:16	disagree 327:19 disaster 310:3 Disclaimer 389:8,22 disclos 485:1 disclose 379:4 399:3,22 402:24 412:17 413:2 417:10 417:23 420:1 420:10 423:3 423:13,15 426:3,5 427:6 427:20 428:16 429:5,7 435:3 437:17 440:6 443:7 464:21 465:1,2,4,7,14 467:1,3,18 468:16 469:15 469:19,21,21 475:9 476:8,21 478:3 481:18 483:5,14,18 487:17 513:24 disclosed 370:14 380:17 397:23 398:11 403:23 404:17 404:22,24 405:8 415:18 419:19 423:8 469:4
--	--	---	---

CONFIDENTIAL

[disclosing - doing]

Page 23

disclosing	555:19,24	456:1,5,6	315:12,15
379:12 380:17	556:2 559:24	482:24 485:3	326:16,23
417:3 418:16	discussing	485:19 486:25	327:13 329:13
429:15 442:4	347:25 355:11	487:3 510:21	335:24 336:9
disclosure	370:21 418:3	511:5,10,19,25	337:21,23
396:2,12,21	429:19 444:5	514:5 516:11	346:23 347:9
400:4 403:12	503:19,19	517:9,14	347:13 363:6
411:23 414:18	513:11 516:3	540:23 541:3	368:25 369:14
418:3 425:12	561:22	546:1,5 547:5	369:21 370:6,7
428:11 462:9	discussion	560:23	370:9 372:13
465:12 468:19	291:2 307:6	disintermedia...	385:5,9 387:25
479:6,9 481:7	313:2 376:20	343:1,4	402:13,16
disclosures	378:9,20 381:7	disintermedia...	404:4 406:15
428:12	392:4 413:14	492:20	406:18 407:3
discretion	418:11 421:19	dispositive	410:11,17,20
535:6	426:15 438:17	399:3	410:24 411:4
discuss	465:21 471:10	dissolution	414:7 436:9
348:19	485:7 486:20	394:18 396:6	467:11 470:14
359:18 381:18	487:2 510:18	397:6 398:14	470:17 493:11
425:11 427:10	510:24 511:1,7	distinct	494:17 521:20
427:14 428:14	525:22	distinguish	524:13,17
466:23 470:18	discussions	508:6	526:4 537:24
470:23 471:3	290:22 331:9	distraction	559:18
471:18,22	339:4 342:1	362:13	documentation
discussed	352:18,25	distribute	324:5 333:7
308:23 339:16	353:14,16,17	437:4	528:2
342:15 344:5	354:2 355:5	district	278:1,1
347:18 348:18	356:4 360:6,8	diversion	308:8 386:10
349:18 355:14	376:5 377:23	375:21	443:23 524:2,3
359:20 360:12	378:5 379:23	docket	544:24 549:18
378:2 425:23	405:6 414:17	286:17	561:9,11,14
428:6 442:21	418:6,8 425:15	document	562:4,12,19,20
443:1,15	425:19,21,22	295:10 296:4,9	doing
466:23 484:24	427:16,19	300:3 303:18	321:16
501:11 540:19	440:2 444:15	306:23 315:1,2	325:1 337:7
554:3,20			343:25 409:12

CONFIDENTIAL

[doing - emailing]

Page 24

464:16 541:17 541:20 543:24 544:25 dollar 321:20 330:21 dollars 333:10 355:22 403:19 529:14,15 doubted 476:17 doubts 476:6 downturn 315:19,21 draft 437:3,4 561:11 drafted 561:9 562:4,12,19 drafts 562:20 drama 300:14 draw 478:23 drawing 299:5 414:8 dtyrrell 279:5 due 415:9 539:18 duly 554:21 e	early 294:8 335:12,14 391:23 532:9 532:25 540:24 earn 488:18 497:16 easier 335:5 485:8 easiest 513:18 east 288:1 eat 358:2 508:21 edward 279:11 287:12 effect 512:12 effectively 318:13 472:6 528:1 efficiency 310:7 efficient 512:5 512:10 513:21 efforts 300:5 339:9 353:22 374:3,4 382:15 382:19 388:22 388:24 489:8 508:1 eh 317:3 eisenhower 278:23 279:2 either 297:18 307:17 337:6 383:15 399:17	399:20 416:25 425:3,23 428:15 448:3 462:3,8 463:22 472:25 478:15 484:10 487:14 487:18 497:8 512:1 516:11 517:6,6 527:13 561:19 elected 396:8,8 eleven 361:23 eliminate 510:6 513:13,19 email 281:18 281:22 282:1,1 282:5,8,14,19 282:22 283:1,4 283:7,11,21 284:1,5,9 326:9 347:4,13 347:16 348:24 349:6,8,12 352:3,22 353:9 353:13 354:11 359:12,15,17 368:5,6,11,13 368:20,21 369:15 370:13 371:3,20 372:3 372:5,8,10,14 384:25 385:10 387:18 388:13 388:14,19,23 388:23 389:6	405:25 406:7 406:19,20 408:3,5,10,14 408:18 410:25 411:5,6 412:12 412:14 413:18 414:2,8,20 417:20 418:13 418:18 421:14 421:23 422:24 425:22 426:19 427:1 432:1,6 432:9 433:2 434:11 435:22 445:6,12,20 446:12,12 447:5,11,11,12 447:17 463:6,7 470:3,10 474:8 474:19 475:23 476:9,23 477:11,15,20 478:24 479:1 482:13 483:11 484:17 485:14 491:23 493:2 493:22 494:19 500:4,8,9 501:22 502:6 502:24 506:24 514:6 emailing 371:15,16,21 372:1,5,7
---	---	--	--

CONFIDENTIAL

[emails - evict]

Page 25

emails 371:3 422:20 425:24 448:3 464:9 487:8 embarrass 431:3 embarrassed 377:11 embarrassing 444:1 employ 384:1 384:12,17 employee 565:14,16 employees 292:5 300:23 309:15 310:5 312:14 324:21 553:16,20 employment 449:22 552:8 en 343:21 ended 295:15 334:21,24 engage 302:14 302:16,17 424:10 430:23 500:25 engaged 384:20 engaging 388:17,20 enormous 423:12 enter 322:8 517:9	entered 504:23 518:5 enterprises 278:10 279:22 284:16,19,23 285:2 300:6 518:11,14,16 523:17 524:7 534:10 549:14 558:23 enthusiasm 335:10 486:14 entire 299:22 301:22 325:5 343:2 369:21 370:9 419:3 538:25 entirely 314:6 314:12 368:12 455:11,12 520:13 entities 300:6 339:4 415:4 423:4 456:9 496:22 501:17 510:6 511:19 512:1 513:17 entitled 315:2 363:1,17 438:7 447:24 entity 292:20 322:23 343:22 343:23 344:1 345:11 382:23 386:22 424:4	425:7,8 435:1 435:5,7,10,14 435:17 462:18 468:14,15,18 469:2,2 488:6 488:10 495:15 496:23 499:13 499:17 502:8 502:12 503:10 507:15,20 508:3 512:2,6 513:23 514:13 514:22,25 entity's 323:19 324:1 entrepreneur 414:24 enumerated 366:23 equal 525:14 equated 530:21 equates 504:6 532:21 538:24 equation 548:17 equity 535:24 548:5,5,7 entitled 315:2 550:5 551:4,5 551:8,16 556:3 equivalent 332:17 472:8 errand 509:5 errata 564:5 566:1	escalations 505:6 espiro 279:11 esq 279:4,5,10 279:11,12,17 279:21 essentially 495:23 establish 377:15 established 338:14,21 402:1 estate 289:23 426:5 427:10 427:20,22 475:13 476:5 477:6 estimating 483:20 estimation 290:16 291:5 et 286:13 european 472:8 498:16,24 499:6,13,17 508:4 evalu 332:20 event 537:9 eventually 417:9,11 evict 300:5 304:13,24 313:18
---	--	---	---

CONFIDENTIAL

[evicted - fact]

Page 26

evicted 294:7 304:22 305:6,8	exceptions 557:10	477:19 491:22 500:4 517:19	489:23 520:23 545:19
eviction 305:21 313:22	excessive 362:8	523:16 534:9	explained 346:8 440:4
evolving 429:6	exchange 281:22 282:8	549:12 558:21	explaining 345:9
exact 468:1	283:1,21 284:1	exhibits 281:7	explanation 309:1 449:19
exactly 294:14 305:16 306:20 317:17 328:16 331:10 332:25 367:10 377:6 382:20 387:2 387:10 468:8 505:1 512:18 517:3,5,16 527:3,7 540:17	335:6 347:4 387:18 426:20 427:1 463:6,7 470:3 477:20	exist 352:11 363:5 364:5 375:4	explored 341:7 341:10
exam 365:23 456:4,11 457:8 458:5	exchanged 421:20 549:18 550:1	existing 424:13 exit 543:20 expect 437:19	express 355:25 356:10 367:9
examination 278:7 288:4 456:24 457:4 565:6	excuse 386:11 426:4 489:4 491:13 518:11 546:4	expedite 446:2 expense 301:24 365:6,24,25	expressed 350:17 351:7 351:17 420:23 486:13 542:19
examinations 455:6,23	excused 553:24	expenses 289:10 317:14	expressing 467:7
example 335:1 367:12 443:10 507:22,23 509:23 542:20	execution 284:12 517:19	365:11,18	extent 505:19
examples 372:25	executive 393:8 552:11,16	366:2,2 367:4 367:16 433:25	extraordinarily 317:24
exams 456:4,12	exhaustive 450:17	experience 430:4,9 495:14 548:3	f
except 564:4 exception 292:3 423:5,10	exhibit 295:2 303:5 314:22 326:9 347:3 368:20 369:12 384:24 387:17 390:19 405:24 413:18 421:14 421:20 426:19 432:1 445:5 447:4 448:14 458:12 470:2	expert 377:21 400:7	f 565:1
		expertise 420:21	facilitate 353:21 383:14 383:17
		experts 391:14 404:6	facility 306:14
		expires 564:20 566:25	fact 295:14 302:2 309:4,5 310:3 312:13
		explain 308:18 308:19 343:6 428:1,23	313:20 314:2 324:17 327:20 328:4 351:21 353:16 364:5 372:6 384:12

CONFIDENTIAL

[fact - finra]

Page 27

435:13 438:20	fastest 509:18	financial	415:14 416:3
444:25 449:21	favor 380:6,23	282:14 346:6	416:10,18
503:24 513:22	520:2	375:25 389:15	417:4,12,22
545:4 555:6	february 356:7	405:25 544:1	418:4,17
facts 309:18	federal 278:22	financially	419:13,15,17
factual 300:13	fee 342:16	286:25 565:17	420:13,17,21
failing 297:1	344:16 524:21	financials	422:1,13 423:2
fair 300:24	525:7,8,14,21	320:16 543:24	423:19 424:6
306:5 307:5	525:25 526:1,1	543:25 544:9	424:22,23,24
317:4 328:25	526:2,4,7,8,10	financing	428:9,11 429:8
335:8 362:7	526:10,10,22	409:25 501:1	429:16,23
394:24 395:8	527:2,15	501:18	430:3,7,13,19
395:18 404:14	528:24	find 319:4	430:22 431:1,4
475:22 535:5	feel 369:20	410:15	431:9,10,12,15
557:18 558:1	445:18	fine 349:4	431:21 434:6
faith 375:6	feels 524:16	350:17 484:1	435:3,5,11,25
fall 374:7,10	fees 344:10	finish 524:5	436:3,13 438:7
377:17	488:19 490:4	finished 420:7	438:18,22
fall 296:25	fell 294:12	finishing	439:12,15,19
498:12 540:9	felt 513:20	300:18	440:14,21,23
540:14	field 292:8	finra 283:14	441:1 445:21
false 300:15	377:21	382:4,5,13,14	446:1,7,11,14
476:5	fifth 279:8	382:16 384:3	446:15 447:17
familiar 388:10	figure 329:1	384:10 385:16	448:2,3,4,7,10
451:8 514:8	476:15	386:2,19,23	448:12,15
families 321:25	figures 321:25	387:4 388:6,24	449:18,25
family 477:4	filed 281:9	389:1,23 390:7	450:5,13,21
fantasy 312:14	295:2,8,23,25	391:17 392:6	451:2,11 452:9
faqs 503:7	386:18	392:14,18	455:3 456:14
543:19	filings 510:7	393:20 405:9	457:4 460:6,12
far 312:7 351:2	fill 386:22	405:12,20	462:10,14,23
359:15 393:24	filling 391:9	407:5,19,24	463:13,24
443:24	final 323:20,24	408:21 411:16	464:5,12 466:4
fashion 514:20	finally 297:21	412:24 414:15	469:5,7,16,19
		414:17 415:3,8	470:20 472:1

CONFIDENTIAL

[finra - form]

Page 28

473:8,17 474:6	416:10 417:2,8	flowed 367:14	forensberg
475:25 480:8	421:24 422:5,6	focus 300:3	439:2
480:21 482:25	422:8,19 423:1	318:7,8 364:23	forensic 365:8
485:6,20	426:4 429:15	364:23,24	forget 419:8
487:23 490:21	447:11 455:4	472:4 487:15	form 282:12
491:5,8 493:18	456:16 459:19	509:17 556:18	284:16 289:7
494:5 496:15	462:1 470:17	focused 318:24	290:14 292:22
503:25	471:2 473:4	364:15,21	293:17 294:9
finra's 431:8	474:16 475:5,6	focusing	298:17 299:14
443:14	479:3 480:13	467:10	299:20 300:12
firm 286:22	482:2 483:6	follow 348:7	301:10 302:5
287:11 289:22	494:8 495:19	374:13 405:12	303:22 304:5
292:6 317:10	500:11,19	422:20 423:2	304:10,15
384:16 439:24	502:25 503:5	460:4 483:6	305:23 309:3
453:15,18	510:11 514:19	509:22	313:5 320:10
454:19 472:14	519:12 523:22	followed	323:16 328:21
firm's 392:5	525:19 529:18	509:24	331:4,18 333:8
452:3,4 454:16	536:19 542:2	following	334:4 336:1
455:20 504:20	543:21 544:12	305:21 380:12	337:5 339:21
firms 420:4	545:19 551:23	456:22,23	340:17 341:9
first 289:12	553:23 562:6	482:21 483:12	341:18 342:10
291:18 297:1	562:19,19	484:21 485:1	342:20 355:20
302:14,15,24	fiscal 284:17	486:18 487:20	358:16 362:9
303:1 304:23	523:17 524:9	510:16 515:15	363:16 364:9
308:5 315:19	fisch 505:11,12	532:15	365:17 366:22
321:1 326:19	fit 352:8	follows 288:3	367:3,6,22
330:20 349:18	five 282:19	fool's 509:4	369:9 370:23
349:22 350:10	312:14 413:18	forbidding	376:24 380:25
364:19 371:3	475:5 483:23	431:13	384:15 386:8
371:16 372:13	485:11	forbids 464:16	386:17,18,21
372:20 378:4	floor 386:5	foreclose	386:24,25
378:20 380:1	449:13 452:4	466:25	390:19,25
382:18,19	flow 317:11	forego 434:13	391:10,18
384:20 388:5	367:11 455:1	foregoing	392:22 394:4
392:3,4 398:4		564:3 565:9	395:3,10,15,16

CONFIDENTIAL

[form - fund]

Page 29

395:21 396:14	528:17 531:7	538:3	293:12 298:23
397:22 398:11	533:9 535:19	forwarded	frank 287:17
398:23 399:5,7	553:3 555:4	450:8,23	frankly 444:1
399:7,23	557:21 558:4	forwarding	free 369:20
401:20,24	forma 289:8	450:11	frequently
402:8,11	301:24 308:12	forwards	361:15
403:25 409:11	335:13 375:14	450:16	friday 288:19
412:3,10	376:7	found 344:7	480:1
416:11 417:17	formal 337:22	364:20	front 350:6
418:7 420:2,18	546:22	foundation	fruition 319:6
423:25 424:11	formally	300:13	full 411:14
424:19 425:5	374:16	founders 328:5	503:13 514:11
430:5 436:14	formas 330:19	328:8 334:2,5	fully 288:11
439:17 440:10	330:19 533:6	334:6,9,16,18	function
440:18 442:24	format 327:2	334:20,24	339:10 435:8
443:8 444:12	370:19	359:3 504:1	488:11
446:8 453:3	formation	510:5 511:17	fund 337:14,19
462:25 463:14	386:10	founding	338:1,2,9,11,13
464:1 466:20	formed 377:19	327:14,21,23	338:17,24
475:3 476:1,19	383:5 488:21	328:7	339:2,7,10,18
478:20 479:18	489:7	four 292:9	339:23,23,25
480:23 481:12	former 503:13	483:22 485:11	340:4,14,19,21
481:20 483:9	forms 387:1	fourth 311:11	340:24 341:17
483:16 485:22	forth 345:25	503:6	341:19,20,21
486:6,24 487:5	409:5 410:11	frame 311:1	341:24 342:2,5
487:11,25	434:1 476:3	326:3 344:9	342:9,11,17,19
488:13,17	485:16 491:5	356:13 373:5	342:23,25
489:10,16	557:9 565:12	378:3 381:4	343:13,14,15
490:1 495:9,17	forward 337:8	511:24 517:1	343:19 344:6,8
497:4 498:4	423:19 424:17	frames 362:12	344:17,21,24
502:17 510:10	450:4 465:19	446:25	345:6,10,11,15
512:16,24	466:24 467:5,8	fran 297:18	345:17,22
513:15 516:8	467:15,23	453:8	346:2,4,7,8
521:7 523:17	468:5,7 481:7	francis 278:7	352:10,25
524:7 526:18	483:8 493:3	279:22 280:4	353:11 356:16

CONFIDENTIAL

[fund - glassbridge]

Page 30

362:11 373:10 373:11 375:4 501:9,10 funded 503:8 funds 316:23 339:5,5,6 353:6 further 296:11 400:7 425:19 448:7 476:17 476:20 565:9 565:13 furthermore 320:19 future 290:20 433:7 510:2	general 328:12 336:8 343:15 344:7 394:16 395:23 397:4 397:15 398:12 400:21 420:21 534:24 generalities 312:11 generally 291:8 293:13 309:10 335:13 437:5 437:14 450:4 458:19 496:20 508:22 547:20 generate 322:11 382:7 498:13 generous 310:11 gentleman 353:9 george 278:7,8 279:13 281:3 281:19,23 282:1,23 283:2 283:4,8,11,22 284:2,6 286:10 286:13 287:13 296:17 326:10 347:5,17 348:7 348:22 349:3,8 349:13 350:13 368:21 371:4 375:21 421:16	426:20 432:2 445:7 447:6 450:6 454:15 470:4 477:21 480:4,9 491:24 559:25 560:15 564:10 565:6 566:4,21 george's 480:10 getting 302:4,6 313:10,11 378:24 444:4 450:5 478:1,19 528:24 giantomaso 278:23 279:2 286:19 287:8 give 288:8 308:11 311:1 352:5 362:16 372:24 404:13 419:22,24 421:3 430:6,25 431:4 441:1 442:12,16,18 446:18 483:7 539:16 546:18 554:19 561:23 given 319:18 327:10 336:1 343:25 362:14 362:24 437:17 467:17 483:4 492:8 509:3,10 555:21 558:10	558:12 giving 378:22 459:9 561:19 glass 300:24 glassbridge 278:10 279:22 284:13,16,23 285:2 287:16 291:18,20,22 292:4 300:6,11 300:21,23 301:1 317:21 318:2,9,13,20 318:21,25 319:3,5,10,16 320:2,23 321:1 321:3,13,14 322:20,22 324:11 415:5 423:11,13,14 510:22 511:12 515:6,9,19,24 516:6,12,13,16 516:21,22,24 517:9,11,21 518:5,16 519:19,25 520:2 522:5,10 522:11,12,16 523:1,16 524:7 526:6,17,25 527:1 528:8 529:7,11,23 530:3,8,15,17 531:9,14
g g 288:1,1 516:19 gaap 320:13 gadlin 284:10 500:5,10,12,20 500:20,24 501:1,22 garbled 522:23 gbe 281:15 283:19 284:14 284:20,25 285:3 303:8,18 438:2 458:15 459:18 517:22 518:3 534:12 536:16 549:15 551:22 558:20 558:24	generous 310:11 gentleman 353:9 george 278:7,8 279:13 281:3 281:19,23 282:1,23 283:2 283:4,8,11,22 284:2,6 286:10 286:13 287:13 296:17 326:10 347:5,17 348:7 348:22 349:3,8 349:13 350:13 368:21 371:4 375:21 421:16	give 288:8 308:11 311:1 352:5 362:16 372:24 404:13 419:22,24 421:3 430:6,25 431:4 441:1 442:12,16,18 446:18 483:7 539:16 546:18 554:19 561:23 given 319:18 327:10 336:1 343:25 362:14 362:24 437:17 467:17 483:4 492:8 509:3,10 555:21 558:10	

CONFIDENTIAL

[glassbridge - governing]

Page 31

532:10,18	329:18 336:11	347:15 351:23	541:23 548:12
533:10,12,14	336:23 343:24	352:4,14	555:25 556:5,6
535:18,21	345:25 348:25	361:22 363:15	556:7 558:17
536:4,10 537:3	349:15 354:7	365:23 370:10	563:4
538:14 540:20	356:9 357:22	378:12 379:13	gold 279:17
541:3,4,6,7,11	363:3 364:24	379:21 382:22	281:10,17
541:14,19,22	366:5 390:11	382:23 383:9	287:19,19
541:24,25	409:3 421:24	385:16 388:2	295:4,9 297:13
542:3,10,22	425:6 426:11	389:2 390:14	299:5,6,7
543:12,17,22	428:4 431:16	404:1,6 406:5	302:3 314:23
544:1,1,19,21	458:17 471:9	421:21 426:14	315:8 323:21
545:1,4,15	474:22 477:18	432:4,8 438:11	323:25 324:5,8
546:2,3,10,13	484:4 486:22	443:4 445:10	325:2 423:25
546:15,24	487:10 492:21	445:16,19	488:15 553:12
547:1,2,9	504:12 510:1	447:9 448:19	golf 498:16,24
548:10,16	523:15 538:3	448:25 453:23	499:6 508:4
549:14,20,21	541:4 543:19	454:5,14,22,24	gonna 314:11
550:12,19,25	goal 344:12	455:20,21	352:10 360:19
551:1,25 552:6	531:16 534:3	456:17 460:7,8	362:16 383:3,4
552:17 553:5	541:21	466:17 469:1	486:2,3 487:9
553:15,16,18	goals 365:1	470:7,13 471:5	496:23 497:18
555:9 556:12	goes 316:17,18	472:20 476:7	498:18,18
556:16 557:2	370:3 470:11	478:23 483:25	good 286:1
558:6,18,23	going 286:2	484:13 485:16	288:5 343:24
559:2 560:5,25	288:21 295:6	486:4,11,11,13	347:10 355:23
561:14,22	296:4 300:3	489:24 490:12	375:6 402:21
562:7,9,11,17	303:13,17	496:5,7 497:4	490:10 492:23
glassbridge's	305:9 310:13	498:2,19	554:10 558:10
319:7 531:8	314:25 315:15	499:10,25	562:23
532:13 551:20	320:17 322:4	500:25 502:14	gotten 309:6,13
glasses 401:11	323:9 326:14	502:16 509:9	526:7
go 286:7	326:25 328:20	509:16 510:9	governance
296:11 316:16	329:11 335:22	517:25 524:6	376:9
324:4,9,15	335:25 336:12	536:15 539:7,8	governing
328:21 329:18	337:15 347:12	539:13 540:4	278:22

CONFIDENTIAL

[government - hall]

Page 32

government	377:9 389:15	281:19,22,23	389:18 390:19
340:10 353:4,7	405:25 423:12	282:1,2,4,8,9	390:23,24
grand 279:8	443:12 453:16	282:12,14,15	401:18 405:23
granted 314:3	453:20,24	282:19,22,24	405:24 406:1,5
greater 369:2,8	454:1 494:13	283:1,2,4,5,7,8	406:6 408:5
498:25	503:8,11,13	283:10,12,14	413:12,17,18
greenberg	506:21 515:19	283:17,21,22	413:25 414:1,9
392:6	516:9,12,22	284:1,2,4,6,9	416:6 417:1
gross 327:8	522:1,25	284:12,16,18	418:10 421:3
447:13	523:20,23	284:22 285:1	421:13,14,16
group 278:10	526:16,19,21	286:10,13	421:21,22
281:11,17	528:24 552:13	287:13,22	426:19,20,24
282:15 290:6	552:15,19	288:5,24	426:25 431:20
291:9 292:2,20	553:1	294:25 295:2,6	431:25 432:1,2
292:24 293:2,6	group's 319:2	295:7 296:4,23	432:4,5 436:8
293:23 294:4,7	grow 364:18	303:3,5,13,14	436:10 437:8
294:12,18	375:7 377:10	303:19 307:3	438:1 439:11
295:4,10,16	growth 289:11	314:17,22,25	441:5 445:4,5
296:1 297:11	309:12,16,17	315:1 323:17	445:7,10,11
297:12,12,14	guess 419:4	325:11,18	446:10 447:3,4
298:2,6,15	502:24 509:14	326:7,9,10,14	447:6,10,10
299:2,13,18,25	525:19	326:15 328:9	448:13,14,18
300:10,25	guidebooks	335:21 336:3	449:5,6 450:6
301:4 302:2,17	365:22	337:12 346:14	452:25 453:7
303:20 304:8	h	347:2,3,5,12	454:15 455:21
304:14,24	h 288:1 516:19	349:8,19,22	457:2,3,8,21
306:15 313:4	habit 508:22	362:4 368:18	458:11,12,17
313:13 314:23	hackensack	368:20,21	459:19 460:10
315:8,25 316:9	279:16	369:1,13 370:8	467:23 470:1,2
317:2,18 318:2	half 321:20	370:12 373:13	470:4,8,8
318:12,15,18	330:21 333:10	375:21 384:23	477:10,18,19
319:9 365:12	381:15	384:24 385:3,4	477:21,24,25
365:13 366:10	hall 278:7,8	385:8 387:16	478:15,23
366:21,24	279:13 281:3,9	387:17,19	482:7 483:19
367:11,12,15	281:12,16,18	388:2,3,6	485:17 486:16

CONFIDENTIAL

[hall - idea]

Page 33

490:17 491:21	527:20 547:5	helping 388:25	414:23 415:5,8
491:22,24	556:15,16	524:4	422:3 451:18
492:25 493:1	happening	henry 503:16	514:9,14
496:11 500:3,4	316:12	hereinbefore	home 305:24
500:7,8 504:13	happy 334:10	565:12	305:25 306:13
509:8 514:8	343:20 402:17	hiding 372:15	homes 306:1
517:18,19,25	473:17 474:4	high 373:21	hoped 321:23
518:1 523:15	476:14	375:1 545:5	377:3 382:6
523:16 524:8	hard 336:20	550:20	432:12
534:8,9,14	370:18 484:9	higher 321:22	hopefully 346:7
536:14 540:9	harm 430:24	330:23 333:18	376:12
549:11,12,17	hasten 492:9	543:12	hopes 490:5
551:19 554:8	492:12,13,15	highest 358:11	hou 309:13
554:18,25	he'll 336:20	544:5	hours 562:25
558:16,17,21	350:22	hired 384:16	howe 329:23
559:1,25	head 289:11	hiring 306:25	330:4,11 331:1
560:15 563:1	356:16	503:11	333:23 334:13
564:10 565:6	hear 398:17,18	historical	334:21 358:5
566:4,21	421:2 422:17	535:24	howe's 370:21
hall's 337:9	520:4	historically	howey 557:8
hand 329:22	heard 309:19	548:7	huge 379:10
handled 391:16	456:16 492:17	hmm 492:5	hum 329:10
handling	held 410:12	hold 379:15	341:2 342:6
463:24	459:16 521:2	400:17 412:7	401:22 412:25
hands 480:10	540:10,14	420:25 455:5	467:16 547:11
happ 499:5	hello 347:17	457:16,16	humiliating
happen 387:10	help 364:17	518:17,21,24	375:24
499:24 510:3	375:7 377:10	536:16	hundred
532:12 544:15	383:21 387:7	holder 543:3	344:14,16
happened	402:16 404:6	holding 386:9	544:19
299:11,12,15	522:10 545:12	415:7	i
299:18 305:20	helped 522:2	holdings 278:3	iason 279:8
314:16 374:10	557:14	278:17 279:6,7	idea 298:25
474:23 498:23	helpful 359:13	286:11,17	316:21 333:13
499:5,22 527:7	377:20	287:9 288:17	333:13 338:5,8

CONFIDENTIAL

[idea - indirect]

Page 34

339:2 340:13	identity 440:6	impression	513:6 539:11
340:24 347:11	idiotic 373:21	380:16,18	557:15
429:15 471:5	375:2	390:8 431:4	increase 334:3
491:15 537:13	ignored 475:12	inability	335:8 343:13
537:17,18,21	ii 278:8	467:18	556:21
538:22 539:1	iii 278:3,17	inaccurate	increased
548:10	279:6,7 286:11	440:17	316:22 531:5
identification	286:17 287:9	inappropriate	increasing
295:1,5,7	414:23	362:22,24	307:8
303:4,9,14	imation 284:19	462:14	independent
314:24 315:2	518:11,13,18	inc.'s 504:15	502:8,12
326:13,15	518:25 519:20	506:25	503:10 506:21
347:7 368:19	520:2,14,25	inclined 427:11	532:7
368:24 369:13	521:2,22 524:4	include 469:3	independently
385:2,5 387:21	531:14,15,16	495:15 523:10	343:23 553:19
388:3 390:21	531:18 533:16	557:22 558:2	index 281:1
390:24 406:4,6	533:25 534:2	included	indicate 333:22
413:21 414:1	534:10 536:20	424:22 473:19	426:2 457:13
421:13,18	537:3,9,12,14	474:5 545:15	461:14 465:6
426:23,25	537:16,17	including 287:3	indicated
432:3,6 438:2	538:13,16	288:21 300:6	291:17 358:5
445:4,9,11	539:8 545:9,12	424:21 433:24	461:12 480:19
447:8,10	immediately	448:8 557:19	480:20 481:6
448:17 449:7	466:25 498:15	inclusive 387:2	483:5,13 494:9
458:11,16	519:4	483:24	533:20 534:21
470:6,9 477:23	impact 316:8	income 310:6	indicates
478:23 491:21	impasse 503:25	incorporated	466:15 493:25
492:2 493:2	implied 457:22	286:13,15	494:11 559:19
500:6 517:23	implies 457:23	443:12 444:17	560:12
518:1 523:18	important	454:24 468:13	indications
534:13 536:14	372:10 535:25	468:14 472:19	335:10
549:16 551:19	556:25	488:19 490:4	indir 411:23
558:18,25	importantly	496:4 497:17	indirect 393:10
identify 351:8	309:17,25	503:9,12	395:14,17,19
351:18 440:6		504:20 505:9	395:23,25

CONFIDENTIAL

[indirect - introduced]

Page 35

396:2 402:2,9 409:14,17,21 411:1,15,18,19 411:23 412:9 indirectly 518:21,23 individual 353:4 individually 278:4,13 286:11,15 331:6 566:2 individuals 306:11,12 415:3,9 503:15 industry 358:23 ineffective 365:2 inefficient 365:2 508:14 info 371:4 inform 529:1 information 289:25 290:9 326:1 327:5 328:14,18 329:13 335:23 336:9,17 337:22 347:18 347:20,21,24 348:13,18 349:18,24,25 350:5,16,21 351:2 352:6,10	362:6,8,19 363:6,18,25 364:4 370:17 371:5 379:7 389:11,14 391:10 393:7 393:10 394:9 407:15 411:14 416:19 417:15 417:21 422:7 422:13 430:13 430:25 431:9 431:22 439:9 445:22,25 447:18 448:7 451:12,17 452:1 473:18 473:21 474:5 474:10 480:21 481:19 487:16 503:7 545:23 558:10 informational 346:13 informed 469:24 552:23 infrastructure 289:22 302:7 309:7 310:1 312:15 365:14 366:8,12 initial 333:9 559:5,5 initially 307:25	initiate 547:15 initiated 541:2 initiating 537:23 injection 321:4 321:10 injections 535:16 injury 432:23 inner 539:5 input 407:9 inquiries 429:4 insisting 369:2 insolvency 556:13 instructions 288:7,8 intellectual 310:5 intend 433:6 439:8 497:25 498:12 intended 323:10 449:20 453:22 454:2,4 intending 351:9,19 496:2 intent 338:16 340:2,3 366:1 intention 455:13 466:25 490:3,23 491:11 495:5,8 495:13 496:24 497:2 512:1	552:10 interaction 432:13,20 interest 335:10 338:17,18 339:1 344:6 346:9 353:22 354:3 355:18 374:7 395:20 442:18 515:24 518:17 532:13 540:10,13 542:19 545:20 interested 286:25 353:3,7 353:10 565:17 interesting 336:5 375:17 interests 338:25 339:18 340:15,25 341:4 343:18 409:4 557:25 interim 489:1 internal 550:9 interpret 507:8 interrogatories 422:4,12 interrogatory 423:2 interrupt 486:17 introduced 387:12
---	---	--	--

CONFIDENTIAL

[invented - joe]

Page 36

invented	509:2	338:16,23	irreversible	370:10 433:25
invest	319:5	339:15,23	473:12,14	iterations
	339:6,14,24	340:4,5 341:12	302:23,24	484:8
	342:23 355:21	341:17,21,23	307:25 314:7	j
	494:25 537:18	342:3,22	316:13 324:20	j 279:5
invested	308:3	343:13,24	365:4 376:16	jacob 503:16
	312:7 321:22	346:21 357:20	376:17 377:1	january 502:7
	330:4 334:22	358:20,22	425:11 427:15	502:12,13,18
	375:10,11,12	409:24 412:22	428:23 433:20	502:19,19
	495:2 529:12	439:13,16,19	433:21 443:6	503:9
investing	331:9	494:15,23	464:13 477:2	japanese
	353:11 494:24	495:2 504:8	477:25 478:6,8	514:18
investment		532:8,24 533:7	478:17 510:13	jersey 278:22
	308:4,6 312:8	534:25	542:12,22	278:23 279:3
	312:10 321:14	invited 513:22	issued 320:16	279:16 286:20
	329:22 330:7	involve 495:6	518:9 519:5	306:1,14 565:4
	330:13 331:11	involved	520:1	job 363:24
	333:23,24	305:14 317:17	issues 302:18	joe 318:20
	334:6,9 357:21	339:9 388:12	364:16,20	331:8 356:18
	359:10 360:7	391:23,24	376:11 379:10	371:4,23 372:3
	360:24 370:21	392:10 411:21	379:10,25	372:5 381:12
	403:19 423:4	416:1 494:1	384:10 420:21	381:21,21
	500:14 529:7,8	505:11,20,20	426:5 430:11	383:22 413:11
	529:11,13,16	509:23 511:19	433:5,10,14,15	416:7,25
	529:17 531:8	516:5,10,15	433:18,22	417:18 419:5
	536:10 550:8	519:16	434:2 444:8	425:17 436:6
	557:3,10	involvement	451:8 478:10	437:7 453:9
investments		318:22 519:17	497:10	457:7 459:1
	535:3,4	519:18	issuing 530:17	471:8,11 472:4
investor	333:11	ipo 543:20,21	item 365:7	482:14,18
	341:14 357:16	544:13,15,17	370:13 396:3	485:8 486:25
	370:15 494:13	544:18	452:2 454:14	499:2,21 506:3
investors	316:2	irrelevant	items 351:11,16	507:7 511:23
	321:21 332:5	431:14 472:22	351:18,22	528:7 543:13
	335:9,20		352:5 366:9,11	548:21 559:25

CONFIDENTIAL

[joe - know]

Page 37

560:2,10,15	470:4 477:21	491:23 493:4,8	320:2,14,14
561:24	491:23 500:5	ken's 389:9	327:9,11
joe's 537:21	503:17	kenneth 283:14	330:10 337:2
john 282:9,15	jr 454:15	448:15	338:20 339:13
329:22 330:4	jsack 279:10	kept 299:18	340:19 346:20
337:1 387:18	jstern 279:12	372:7 373:11	346:23 348:15
388:6 406:1	judgment	key 324:10	348:17 353:1
408:5 413:11	314:3,11 558:2	502:8	354:7,25 356:5
414:9 416:6,25	july 282:14	kill 513:25	356:6,23 358:5
418:10 437:8	350:25 373:4	kind 289:15	361:11 365:13
452:25 453:7	373:20,25	318:1 336:4	365:21 366:7,9
455:21 457:3,8	374:5,22,23	364:17 367:11	366:19 367:13
457:21	377:23 405:24	418:23 419:21	368:7 372:20
johnson 278:8	408:4 411:25	419:24 431:13	377:6 378:24
279:14 287:14	532:9,25	489:11 508:13	379:11 382:3
join 374:7	533:10	521:17 522:4	382:18,20,20
488:15	june 278:24	545:1 546:19	383:1 384:18
joined 287:20	286:2 297:3,6	548:6	385:22 387:1
joint 499:12	350:15,22	knew 433:20	392:21 396:1
jonathan	504:25 532:9	528:7,10,12,13	404:20,23
279:10 287:10	532:25 533:10	550:15	405:1,3,19,21
329:7 331:24	justified 334:3	know 289:24	406:20,21,23
332:1,3	531:5 539:2	290:4,5,7,8,11	406:23 407:2,6
joseph 278:7	k	291:8 292:12	407:22 408:10
279:12,18	k 284:16	295:18 297:7	408:13 409:1
280:3 281:23	523:17 524:7	297:11 298:21	410:2,6,8,9,10
282:9,15,23	keep 313:8	303:23,25	411:10,13
283:2,8,12,22	337:7 375:11	304:1,2,2	412:13 415:8
284:2,5,9	375:16 436:22	307:24 308:17	415:15,17,20
286:13 287:12	485:16 553:4	309:11,11,14	416:9 420:13
287:20,21	ken 282:5,9	312:7,15,24	420:14 422:8
328:3 347:5	284:5 384:6,7	314:6 316:14	422:10,14
387:19 406:1	384:25 387:8	316:18 317:11	423:14,23
421:15 426:21	387:19 391:19	317:12,23	427:24 428:8,9
445:7 447:6	408:7 449:11	318:22 319:13	428:10 430:2

CONFIDENTIAL

[know - letter]

Page 38

431:8,20,24	537:20 538:6	313:21 314:2	309:24 311:15
432:14,20	539:5 540:17	323:25 454:10	312:19,20,22
433:17 439:13	543:6 544:5,10	landlord's	312:25 325:13
439:15,19,23	547:6 548:20	301:8	325:20,21,22
440:21,22	550:13 553:6	language 522:9	356:15,15
441:1,14,19,25	555:1 556:1,4	large 289:17	386:5 452:2,10
443:15 446:25	560:9 561:18	316:4,25	452:14,15,17
447:25 448:11	561:24	lastly 353:20	452:21 496:3
450:15,17	knowing	353:20	497:17
451:9,25	431:17 514:11	late 294:10	leaving 554:7
452:18,20	knowledge	482:16 489:6	led 294:15
453:1,7,8,10,14	299:11 404:21	532:9,25	307:6 321:13
456:20 457:2,9	440:1 441:14	law 287:11	333:17 353:5
457:10,12	known 528:20	376:10 420:4	413:7 438:24
458:3,6 464:7	544:4 555:20	lawsuit 294:20	465:21 471:22
468:8 469:10	knows 338:4	295:19,25	475:7 505:21
474:14,15,17	I	300:15 302:15	537:9
477:2,10,14	I 280:1 288:1,1	313:23 314:9	left 480:10
478:4,6 479:16	I.p. 278:3,17	314:18 315:8	535:5,8 553:24
479:21,24	279:6,7 286:11	lawyer 362:20	554:1
483:2 492:17	286:17 287:9	381:9 392:4	legal 322:4
497:11 499:12	413:3	lay 314:13	389:17,19,24
499:16 501:22	labeled 306:24	laying 386:1	390:6,9 392:17
501:23 504:10	lack 431:3	lead 432:12,19	394:5 395:4
504:22 505:2,7	509:2 557:16	509:24 511:8	396:15 399:24
506:4,17,20	lacks 300:12	leading 416:2	419:24 420:5
507:18 508:23	laid 375:10	leads 317:23	424:12 427:23
510:9 511:22	landlord	learn 412:20	548:1
511:23 512:6	292:25 293:6	learned 300:5	length 331:22
515:12,15	294:1,16,18	412:16,21	letter 283:14
517:5 520:13	295:15,24	lease 300:8	448:15,21
521:4 522:11	299:17,23,23	301:17,20,22	449:8,11,24
522:24 523:19	302:16,17,24	302:2,3,10,12	450:3 451:2,6
527:19,24,25	304:4,13,24	305:17 307:18	451:9,10,16,20
530:4 537:5,12	306:16 312:25	307:25 309:19	451:22 452:24

CONFIDENTIAL

[letter - look]

Page 39

453:11 456:13	licensing	508:6	484:9,17,22	loeb	279:19,19
456:23 457:11		508:12	501:20 504:21		287:15,16
457:15,18	light	288:20	507:3		562:14,14,15
letterhead	likely	346:4	listed	365:24	562:15
448:12		355:14 378:3			loeb.com
letters		430:23 440:25	lists	449:11	279:21
450:5,13,15,19		450:23 468:11		452:25	long
letting		484:14 486:25	litigation		298:9
level		497:18 542:5		491:19	455:14,16
471:3 472:16		561:25	little	296:11	458:3 466:2,10
473:12	limitations			319:18 366:4	490:22 507:2
levies		509:11,13		370:18 403:7	527:25
531:19	limited	344:11		431:19 433:10	longer
levy		394:16 396:4		486:17 521:19	336:17
520:1,15		396:13,22		547:17 548:12	472:19 484:5
lfg		397:5 398:12		549:8 560:1	557:11
lgs		398:13 400:5,9	llc	281:11	look
liability		400:21 402:24		295:4,9 514:9	291:4,8,12
396:4,23		403:13 404:24		514:14,16	301:16 302:11
license		405:1 418:4,16		566:1	303:3 305:3,11
435:12,14		420:1,11 426:3	llc's	396:7	305:12 306:22
439:19 443:2		442:4 469:15	llp	279:19	310:17,24
455:5,10,13		478:3 481:8,8	loan	519:22	311:6,8,12,13
456:4,19		483:15		520:16 521:2,3	327:12 329:1,8
478:11 487:24	line	336:1		521:15 531:13	335:15 353:19
493:18 497:8		365:7 385:11		531:15 533:15	359:5,11
497:12,12		433:25 566:5		533:25 535:21	368:18,25
498:2 499:14	lines	481:14		536:2 539:7,12	369:21 370:4
504:14,20		556:21		539:24 549:3	385:4 390:23
506:25 507:6	list	328:18	local	414:23	392:20 393:5
507:14,19		335:6,22 336:2	located	306:11	403:7 404:11
508:2		344:3 399:8		452:5 553:2	405:22 409:2
licensed		448:8 474:21	location	413:16,25	413:16,25
licenses		475:1 479:22		452:14,16	414:6,21 415:1
		483:11,14			421:12,21

CONFIDENTIAL

[look - madison]

Page 40

445:17 447:2	loss 358:3	405:25 408:4	333:24 343:4
448:20 449:5,7	losses 531:17	408:11 410:25	354:11,14,15
452:23 457:25	531:22 534:4	411:7,11 412:4	354:19 359:25
458:10 459:15	lot 317:20	415:2,2 416:4	361:6,10,10,11
460:5 465:18	318:24 335:1	416:5 494:1	361:13 362:6
467:13 469:25	335:19 356:13	m	362:10 368:11
472:12 477:24	357:22 379:12	m 278:16 279:6	374:3,4 382:14
478:22 491:16	484:5 539:18	279:11	409:22 417:18
491:20 492:21	543:18 548:2	mack 392:7,9	419:2 427:25
493:1 496:17	557:13	392:13,16	430:9 434:20
498:15 501:1	lots 289:20	405:17,19	436:18 442:19
517:25 521:11	335:2 362:20	419:2,6,12	446:13,23
521:19 536:13	362:21,21	420:22 428:15	448:7 459:24
541:25 543:21	367:13	428:22 429:4	462:17 470:21
548:8 551:18	lower 358:25	429:25 430:2	473:12 478:15
553:21 556:17	359:6	430:18 431:12	479:7,13 481:4
looked 289:11	lps 379:13	431:14 436:11	487:12 488:2
302:9,10 309:8	396:21,24	436:17 437:10	497:20 507:19
309:17 310:12	412:17 413:2	437:15,22	513:3 519:22
310:13 347:21	414:18 425:12	439:2 440:2	521:1 529:15
450:2 468:22	428:16 429:5	446:24 447:1	529:17 530:13
485:2 504:11	462:9 474:21	460:23 461:2,3	533:15 536:10
525:2 526:11	475:1,9 476:9	461:16 462:3,9	539:20,23
looking 295:12	476:12,14,21	463:9 478:16	545:1 554:21
319:8 323:17	479:22 484:9	480:6,7,8,15,17	564:7
327:7 348:24	484:18,23	480:20,25	madison 289:1
414:10 437:13	487:17	481:2,15	290:1 291:14
438:1 473:5	lunch 390:11	mack's 430:8	291:16,19
481:24 482:6	luncheon	461:25 462:13	295:15 298:3
542:21	390:15	made 290:1,16	303:21 305:22
looks 320:15	luxor 282:14	297:6 308:4	306:6 365:16
327:2 371:17	384:8,13	312:16 315:19	449:13 452:6
387:6,8	385:21 387:13	325:12 326:1	452:11 454:5,6
loosely 344:15	388:17 389:15	330:18 331:15	553:2
472:8	391:20 405:7	332:4 333:23	

CONFIDENTIAL

[maglaw.com - mean]

Page 41

maglaw.com	544:19	march	298:8	market	292:8
279:10,11,12		malfeasance	353:2 355:22	marketing	289:19,20
main	372:16,19	marcus	408:13		472:18,19
315:24 452:5	373:1,17		415:2,13,16	markup	493:4
maintain	375:19	margaret	278:21 286:22	masters	343:12
465:15			565:3,22	material	458:7
maintained	manage 318:14	marked	294:25		561:24
473:21 474:10	342:2 381:11		295:5,7 303:8	materials	419:22 458:19
476:25	555:3		303:14 314:24		459:3,10 462:2
majority	managed		315:1 326:12		539:16 546:19
541:12 543:22	342:11 396:7		326:15 347:6		561:14,20
make	management		350:6 368:23	matter	281:17
298:15 335:17	317:5 346:9		369:13 385:2,4		314:24 421:25
335:17 343:24	363:21,21,23		387:20 388:3		441:15 499:6
344:13 363:25	364:25 369:3		390:21,24		543:14
379:19 382:16	428:8 431:17		405:23 406:4,6	matters	286:11
388:24 404:7	435:3 447:24		413:21 414:1		441:7 462:17
417:15 419:7	465:5 474:14		421:12,17,22	maturity	519:7
419:21 423:22	515:11,18		426:22,25		519:10
427:11 429:4	522:6,7 523:12		432:3,5 438:1	mean	290:24
431:13 434:7	552:23 554:15		445:4,8,11		293:18 297:10
443:1 468:13	554:22 555:1,5		447:7,10		299:15 337:2
478:13 487:22	management's		448:16 449:6		338:13 343:8
489:8 492:22	534:25		458:11,15		343:22 373:2
493:17 529:7	manager		470:5,8 477:22		374:25 376:3
531:13,15	342:17 344:6,8		477:25 478:22		382:5 387:8
539:7,16	558:7		491:20 492:1		388:19 404:19
546:14 552:10	managers		493:1 500:6,8		418:18,21
makes	322:1 396:8,8		517:22 518:1		423:7 436:8
making	managing		523:18 524:8		453:4 458:5
298:6 299:2,13	449:12,15		534:12 536:14		471:18 489:18
308:5 313:8	manhattan		549:15 551:19		490:25 492:9
349:25 350:3	309:11		558:17,24		494:18 498:5
362:18 387:9	manner 339:11				
424:2 428:7	marc 327:8				
	447:13				

CONFIDENTIAL

[mean - million]

Page 42

504:16 507:1	443:4,16,18,21	member 363:23	michael 278:16
507:21 528:10	444:6 458:13	374:17,17	279:6 281:18
547:7 554:4,24	458:20,23	375:18 381:16	281:23 282:2
meaning	459:11,16	members	282:23 283:1,5
400:20	461:13,15,22	364:23 365:3,9	283:8,11,22
means 317:6	462:4,5,15	373:24 374:2,5	284:2 286:16
338:20 439:18	463:5,8,9,12,15	381:13 396:5	287:9 326:10
491:2 520:13	463:16,22	437:4 481:8	347:4 368:21
meant 327:22	464:19,21,22	487:14 502:9	370:13 414:22
373:9 423:23	466:2,12	503:12,13,14	421:15 426:20
427:22 507:8	471:15,18	546:6	432:2,9 445:6
551:10	500:24 546:22	memorialize	445:21 447:5
media 286:9	546:23,25	562:13	470:3 471:8
meet 500:19,20	549:13 551:21	memory 336:19	477:20 479:25
meeting 281:13	552:3 553:5,5	394:6 415:21	566:2
283:17 284:22	553:8,22,24	415:23 548:9	micro 365:8
285:1 303:6,15	554:1,7,9,11,13	mention 307:10	microphones
307:11,17,17	554:14 555:7	373:16 556:25	286:3
307:21 312:2,9	555:12,15,25	mentioned	middle 325:9
323:12,15	556:5,5 558:13	292:5 316:13	347:15 445:19
338:15 350:15	558:22 559:3,6	325:10 330:16	503:21 524:19
350:22,24	559:7,14,22	360:11,14,17	540:25
351:3,5,10,20	560:2,17	360:24 367:7	mike 353:10
351:22 352:3	561:13,17	382:4 475:13	361:14 421:25
361:10 368:3	meeting's	479:11	432:11
375:4 377:12	458:21	merge 511:20	million 321:20
381:23 419:8	meetings	merged 512:20	330:21 332:18
419:22 420:22	329:20,21	merger 544:12	332:20 333:10
428:22,25	335:1,11	544:15 545:14	353:24 354:10
433:7 436:11	338:22 341:11	message 348:9	354:24 355:21
437:3,6,9,11,16	341:16,21	messrs 554:17	355:22 356:22
438:4,14,20	362:21 364:3	554:24	357:1 359:9
439:3 440:16	425:24 436:23	met 321:24	360:2,3 361:2
441:23 442:1,7	459:4 486:15	335:2	361:3 403:19
442:23,25	560:4		403:20 504:6

CONFIDENTIAL

[million - necessarily]

Page 43

519:7,10 521:8	mismatch	339:7 409:24	moved 470:19 471:25 502:9
521:9,23	317:13	529:24,25	moving 552:24 553:19
527:12 529:14	mistake 449:18	530:22 533:25	multiple
529:15 530:22	492:22	535:21 538:25	282:19 306:8 413:19 425:17
531:1,6 532:2	misunderstood	539:24 545:8	513:1,6,18
532:4,5,6,20,22	471:12	moniker	mute 286:5
533:5 538:25	mmm 323:2	301:25	mutually
539:2,4,13	model 317:19	monologue	550:14
mind 510:11	343:9 424:10	337:6	n
557:5	424:14 471:6	month 299:7,25	n 278:20 279:1 280:1 500:18 516:19
minimal 306:21	473:16 474:22	316:18,19	n.j.a.c. 565:24
minimum	485:4,21 486:3	317:10,10	name 286:20
338:14,21	486:4,22,23	344:23 473:6	292:7,7 293:10 321:7 372:4
minority 557:7	487:10,10,13	536:6	410:20 435:17 499:16,17
minutes 281:12	498:1	monthly	514:9,11 516:17 566:2,4
283:17 284:22	models 497:21	315:24 316:10	named 500:15
285:1 303:5,15	modern 289:21	317:23 365:6	names 346:21
312:8 329:19	modification	505:5	386:9 393:15
329:19,20	434:14	months 381:3	410:7,11
346:16 436:22	modifications	458:2 469:23	411:15,18
436:25 437:11	434:7,10,12,19	475:5 476:2	476:14 495:1
437:20,24	modify 434:23	483:11,17,19	nature 419:9
438:3,19 439:5	434:23 472:25	483:22,23	425:14 427:18
440:13,16	moment 416:8	484:7 485:11	nauseam 444:6
444:20 458:12	420:25 466:6	491:4,4	near 433:7
458:18,22	monday 288:18	morning 286:1	necessarily
459:5,6,12,15	monetize	288:5	346:9 348:15
459:20,25	472:12	morville 279:8	
466:22 473:5	monetized	287:11	
490:9 506:18	383:12	motion 554:21	
549:12 551:20	monetizing	move 337:8	
553:4 558:19	470:22	424:17 472:2	
558:21 559:2	money 299:24	481:6 483:8	
misleading	330:23 332:17	486:4,12,13	
475:6 476:4,5	332:20 333:12	552:22	

CONFIDENTIAL

[necessarily - note]

Page 44

363:8 414:19	negotiated	279:9,16,20,20	nonstarter
416:20 534:22	323:20,24	281:10 286:19	359:16
necessary	324:8 325:2	288:2,2 295:3	norensberg
301:18 507:12	499:19 505:3,7	295:9,16,23	282:10 283:15
necessity	525:20 526:9	306:1,13,14	284:5 384:6,7
437:17	527:6 548:15	309:25 393:6,9	384:13 385:25
need 288:8	552:9	452:6,6 473:1	387:9,13,19
309:12 310:7,8	negotiating	485:12 486:14	388:17,25
310:8,9 312:12	499:20 526:21	487:16 508:21	389:19 390:3
323:23 324:7	negotiation	508:21 509:1	391:19 405:7
370:9 371:24	524:2,3,3	514:1 530:16	405:17 407:9
382:12,13	527:9 549:2	533:5,6 534:25	408:8 414:9
386:8,22,25	555:12	535:3,4 542:12	428:15 429:3
398:17 401:11	negotiations	542:22 565:4	439:2 448:15
408:23 410:25	505:22 511:15	566:1	449:11,21
416:19 419:25	547:1	night 288:19,19	450:4 451:10
428:16 429:5	neither 565:13	288:19	453:10 460:15
434:5 442:16	565:16	nine 321:20	462:3,8 464:4
445:18 455:22	net 316:16	330:21 333:10	478:16 491:23
504:12 528:25	531:17,22	ninth 449:13	494:1
535:16,23	534:4	nj 414:23	norensberg's
needed 312:22	network 322:2	nols 531:20,23	389:7 408:15
323:20 363:25	never 309:8,19	534:6 545:10	norensberq
405:8 419:17	310:6,12,13	non 309:18	282:5 384:25
440:21,22	339:22 340:1	472:11	normal 422:1
456:3,18	344:4 373:8	nondisclosure	north 279:15
555:22	374:16,20	476:4,11	notary 564:17
needing 307:7	474:24 475:1	nonissue 377:3	566:25
needs 399:3	477:2,6,6,7	377:4	note 286:3
408:21 524:16	481:1 490:25	nonmonetary	288:15 422:2
negative	492:17 496:1	346:19	519:5,8,12,12
319:13 320:3,9	497:2 499:8	nonpayment	520:1,18,24
negotiate 522:2	557:18	302:19 314:4	524:14 535:22
549:9 554:23	new 278:1,22	nonsense 476:3	536:3
555:8	278:23 279:3,9		

Veritext Legal Solutions

800-227-8440

973-410-4040

CONFIDENTIAL

[noted - occurred]

Page 45

noted	437:24 564:5	numbers	409:8 453:1 459:17	341:18 342:10 342:20 355:20	488:13 489:10 489:16 490:1
notes	437:2,6 440:12 519:14 519:24 521:5,8 521:22		547:23 549:5 numerous 308:3	358:16 362:9 364:9 365:17 366:22 367:3,6	495:9,17 498:4 512:16,24 513:15 516:8
notices	346:17		o	367:21,21 369:9 370:23	521:7 526:18
noticing	287:5		o 280:1 288:1 500:18,18	376:24 380:25	528:17 531:7 533:9 535:19
notified	481:1		oath 286:23 287:23 288:3 315:12 565:6	384:15 386:24 391:18 394:4 395:3,10,15,21	553:3 555:4 557:21 558:4
notwithstanding	475:23		objec 342:18 365:15 381:8 461:19 481:10	396:14 397:22 398:18,23 399:23 402:11	objections 287:1 337:1,8 460:3
november	296:25 305:1		object 328:20 335:25 363:15 379:15 502:16 502:17 510:10	403:25 409:11 412:3,10 417:17 418:5	objectives 515:16
number	289:12 289:14 291:6 291:11 302:20 308:19 316:4 338:10 346:8 352:7 354:14 354:15 356:6 359:25 360:8 369:5,6 371:18 374:8 375:13 375:14,15 376:6 379:25 408:1 410:18 413:6,22 417:19 454:17 469:18 474:13 501:17,17 516:15 520:25 521:24 541:13 541:14 543:12 544:10 548:11 553:20		objecting 336:8 objection 289:7 290:14 292:22 293:17 294:9 298:17 299:14 299:20 300:12 301:10 302:5 303:22 304:5 304:10,15 305:23 307:13 309:3 313:5 320:10 323:16 324:19 325:4 331:4,18 333:8 334:4 337:5 339:21 340:8 340:17 341:9	420:2,18,24 423:25 424:11 424:19 425:5 430:5 436:14 437:21 439:17 440:10,18 442:24 443:8 444:12 446:8 453:3 462:25 463:14 464:1 466:20 475:3 476:1,19 478:20 479:18 480:23 481:12 481:20 483:9 483:16 485:22 486:6,24 487:5 487:11,25	obligated 380:6 obligations 294:13 297:1 396:2 556:14 obstacle 478:18 obviously 291:7 480:11 484:10 485:8 541:24 occasionally 460:2,3 occupy 291:13 300:11 301:1,5 301:9 305:11 454:10 occupying 300:7 324:18 occurred 350:25 359:6 541:9 561:4

Veritext Legal Solutions

800-227-8440

973-410-4040

CONFIDENTIAL

[october - okay]

Page 46

october	284:14 284:20 321:4 517:21 518:4 527:25 529:4,6 529:10,17 534:11,19 536:9 538:5,7 538:10,10,11 539:3	officers 393:8 455:22 456:3 offices 278:22 306:9 official 377:8 offset 293:2 oh 293:24 326:20 329:17 351:14 360:20	311:3,9,12,25 312:21,23 313:12,16 314:1,25 315:14,17,18 316:1,8,20 317:1,7 318:6 318:10 319:13 319:24 320:1	361:19 364:12 364:19 366:25 368:15 369:7 369:12,18 370:20 371:1,8 371:11,20,25 372:6,12,22 373:14,24 374:3,21,25
odeon	500:15 501:1	360:20 386:16 394:20 406:16	320:14,17 321:8 322:16	377:22 378:4 378:24 379:5
offer	353:21 354:12 355:8 361:6,9,13	410:6 496:17 502:15 560:19 okay 288:13	322:17,22,25 323:5,9,13,14 324:14 325:1	380:4,10,21 381:10 383:5 383:24 384:18
offered	334:21 335:9 356:25 360:23 476:22 476:24 487:16 501:17,18	289:15 290:8 290:22 291:25 292:10 293:5 293:10,25 294:5,11,17	325:11,25 327:4,9,12,19 328:2,9,13 329:6 330:4,6 330:10,14,25	384:22 385:7,8 385:19 386:21 387:3 388:1,13 389:14 390:10 391:9,15 392:2
offerings	484:8	295:14,18,22	332:10,13,19	392:8 393:5,12
offers	354:16 354:19 360:1 361:3	296:3 297:7,10 297:20 298:1 298:21,25	333:4 334:1 337:17 338:2 338:12 339:16	393:22 394:2,7 394:14,23,24 395:7,12,18
office	306:7,7 306:16,24 365:6,11,18,24 365:25 452:3,4 452:5,10 552:22,24,24 553:7,17,19	299:10 300:22 301:3,14,19 302:1,14 303:3 303:24 304:3 304:18,23 305:3,10,14 306:5,18,22	340:6,13,23 341:5,13 342:4 342:15 344:25 345:2,13,20 347:12 348:4 348:17,23 349:1,12 350:3	396:1,11,24 397:12,16,17 398:6,25 399:4 399:18 400:9 401:3,11,19,25 402:7,15,19 403:9,11,22
officer	455:9 456:18 465:7 465:12 505:13 551:25 552:11 552:12,16	307:4,5,10,16 307:20 308:7 308:15,18 309:8 310:12 310:17,25	350:9 351:1,6 352:7 354:2,11 354:18 355:4,7 355:17 357:8 360:4,10 361:5	404:12,23 405:3,14,22 406:18,23 407:2,22 408:2 408:17,20

CONFIDENTIAL

[okay - opportunity]

Page 47

409:8,14 410:2	459:14,24	517:13,17	445:25 459:20
410:8,23	460:5,9,10	518:8,21,24	509:20 556:15
411:10,24	461:1,25	519:3,25	one's 519:12
412:15,20,23	462:21 463:19	520:17,23	ones 293:14
413:9,13,25	464:10 466:1	521:13 522:19	362:11 450:12
414:13,21	466:15 468:6	523:6,15	504:8 535:17
415:1,12,17,25	469:10 470:7	524:18,19,25	ongoing 531:10
416:9,17,22	470:16 471:24	525:4,13 526:9	online 464:8
417:2,13 419:6	472:15 474:3	526:15,20	oop 349:2
419:9,21 421:2	475:22 476:15	527:3,17	open 367:12
422:10,15,19	476:22 478:14	528:23 529:4	457:22
422:24 423:18	479:13,21,25	529:10 530:6	oper 552:12
424:7,15	480:18 481:1,4	530:12,18,23	operate 454:5
425:14 427:18	481:16 482:8	531:3 532:15	513:21
429:14 430:15	482:10,19	532:17,23	operating
430:17 432:25	483:12,25	533:4,20	501:10 531:17
433:2,17 434:4	485:15,25	534:20 535:4	531:22 534:4
435:23 436:21	488:3,20	536:6,13,18	551:25 552:12
436:25 438:6	489:19 490:7	537:5 538:2,11	557:2
438:13,14,21	490:24 491:7	538:16 539:1	operations
439:1,6,11,21	491:11,13	540:1,22	282:15 318:14
439:25 440:4	492:16 493:15	541:17 542:2	405:25 408:4
441:5,14,22	493:25 494:7	542:25 544:14	515:15 531:10
445:16 446:16	494:22 496:5	546:25 547:8	opine 478:9
446:19,22	496:20 499:9	548:15 550:11	opinion 389:17
447:20 448:9	499:25 500:19	550:16,22	392:17 403:14
448:13,23	500:23 501:3,8	551:3 553:21	419:24 420:5,5
449:10,24	501:14,21	554:14 555:6	420:16,23
450:10,19,25	502:6,19 504:4	555:24 558:16	430:3 436:12
451:6,11,15,21	504:12 506:14	560:8,11,22,23	436:15 447:23
451:25 452:9	509:14 511:4,9	562:15,18,22	opportunities
452:18 454:20	512:3 514:4,12	563:1	508:11
454:21 455:14	514:19 515:4,8	old 474:22	opportunity
455:18 457:10	515:17,22	once 308:4	335:4 470:20
457:25 458:10	516:5,23 517:3	371:18 443:18	471:25 472:3

CONFIDENTIAL

[opportunity - ownership]

Page 48

472:10 495:20	520:2,16 521:1	409:9,10 415:4	420:11,15
498:21,24	521:4,23 522:3	518:22	422:2,21
501:19 508:8	524:4,22	owned 353:6	423:13 425:8
542:1 559:24	525:16 526:4	383:2 393:21	427:24 428:9
opposed 425:2	527:6,7 528:6	394:1 423:15	428:10 431:18
537:3 539:3	531:13 532:10	424:3,4,16	431:23 435:2
542:9	533:15 537:16	425:2,3 488:24	435:23 436:5
opposition	539:5,6,6,16,18	512:15,23	437:18 438:25
281:16 314:23	539:20,23	518:15 519:19	440:7,22 443:5
315:3	545:6,7,8,13	519:20 520:14	443:13 447:25
option 447:21	550:23 555:21	520:25 541:12	448:4,8 451:17
466:25	556:11,14,15	544:21	467:2,3,19,20
options 513:1	556:19	owner 393:22	468:20 469:4
oral 278:7	orix's 549:3	394:3,25 395:9	483:3,7 494:9
order 278:19	550:9,17	395:19,23,25	513:25
386:22 497:9	outbox 474:1	396:4 397:3,14	ownership
523:1	481:22	401:4,16 402:2	395:20 402:4
original 331:13	outcome	402:5,10	408:22,23
332:7 333:19	286:25	409:18 411:19	409:4,6 411:8
339:2 343:9	outside 318:23	414:22 415:7	411:14 412:5,5
404:17,25	539:12	415:19 417:9	412:8 417:3,16
468:24 475:10	outsource	425:18 427:5	423:4,9 427:6
490:2 496:23	289:18	436:5 443:6	429:16 434:6
519:6,9 529:13	outstanding	468:18 477:4,4	435:3 439:8
originally	518:10	owners 379:7	441:10 443:11
429:7 466:14	overall 289:8	393:8,10	445:22 447:17
520:1	318:22 365:1	395:14,17	460:19 462:24
orix 284:13	overlandlord	396:3 397:18	464:21 468:17
321:6,7,10	293:1	397:18 399:22	473:18 474:5
514:9,10,14,15	overlease 293:1	403:6 408:21	480:8,21
514:20,22,25	owed 299:23	409:15,20,21	481:18 494:8
515:2,6 516:2	520:19	410:12,24	494:11 515:23
516:3,11 517:1	own 306:1	411:1,15,18,23	518:17 543:23
517:4,8,11,21	344:5 365:21	412:9 415:6	554:16
518:6 519:22	365:25 380:18	417:24 419:18	

CONFIDENTIAL

[owns - partnering]

Page 49

owns 394:10 518:9	372:13 373:20 384:24 387:17	525:7,8 527:15 527:21	533:1 540:24 540:25 545:6
p	390:19 392:20 405:24 406:9 406:15 413:18 414:21 421:14 421:22,24 422:20 426:19 432:6 438:7 445:5,12,20 447:4,12 448:14 451:21 452:24 454:13 458:12 470:2 470:10,17,17 471:10 477:19 478:24 479:1,3 484:1 491:22 491:24 494:10 500:8 517:19 518:8 523:16 524:12,13,19 534:9 536:25 549:12 553:22 558:21 566:5	paper 365:19 367:8 433:25 434:1	545:13 549:7 550:20 551:4,5 551:8,9 555:20 556:18
p.c. 278:23 279:2,8,15 286:19 287:20	422:20 426:19 432:6 438:7 445:5,12,20 447:4,12 448:14 451:21 452:24 454:13 458:12 470:2 470:10,17,17 471:10 477:19 478:24 479:1,3 484:1 491:22 491:24 494:10 500:8 517:19 518:8 523:16 524:12,13,19 534:9 536:25 549:12 553:22 558:21 566:5	paragraph 296:5,8,24,24 297:20,23 300:4 315:15 315:16,22 320:18 322:14 322:15 323:1 323:18 324:13 353:19 386:8 386:14 393:5 452:24 460:24 467:14 480:4 503:18,21 519:4 521:11	partial 302:18 partially 425:3 participate 407:11 439:3 493:20
p.m. 349:9 378:11,13 390:13,16,17 426:13 448:24 449:1,2 490:11 490:13,14 540:3,5,6 563:3,5	448:14 451:21 452:24 454:13 458:12 470:2 470:10,17,17 471:10 477:19 478:24 479:1,3 484:1 491:22 491:24 494:10 500:8 517:19 518:8 523:16 524:12,13,19 534:9 536:25 549:12 553:22 558:21 566:5	participated 414:17 527:1 participating 287:17 participation 363:11 415:12 493:24	particular 293:11 318:17 319:18 325:14 381:12 396:19 440:14 451:5,7 451:20 458:18 514:22
page 281:2,8,12 281:18,20,22 282:1,4,8,12,14 282:19,22 283:1,7,10,14 283:17,21 284:1,4,6,12,16 284:18,22 285:1 295:12 296:4,7,8,15,18 296:19 297:24 300:2 303:5,17 323:1 326:9,11 326:19,22 347:3,16 348:10,25 349:5 350:10 350:11 368:20 369:19 371:2	491:24 494:10 500:8 517:19 518:8 523:16 524:12,13,19 534:9 536:25 549:12 553:22 558:21 566:5 pages 392:25 paid 292:14 293:7 299:23 299:24 302:4,6 313:10,11 331:1,1 365:13 365:20 366:9 366:24 367:8,9 383:9,20,24 521:4,9 523:20	parens 322:19 parent 453:15 453:19 455:1 514:18 518:23 park 279:19 parkway 278:23 279:2 part 324:11 325:25 327:4 330:13 357:19 363:24 385:18 407:5 419:11 456:7 484:11 520:2 522:5 523:9 525:3 532:11,11,24	parties 282:6 282:19 286:7 331:25 385:1 413:19 505:6 541:16 550:14 558:6 565:15 partner 343:15 344:8 partnering 342:16

CONFIDENTIAL

[partners - percent]

Page 50

partners	342:1 394:16,17 396:13 397:4,5 397:15 398:10 398:12,13 400:5,10,17,21 400:22 402:24 403:13 404:24 405:1 418:4,16 420:1 426:3 442:4 469:15 478:3 481:8 483:15 partnership 394:15 397:4 397:15,20 402:10 420:12 partnership's 394:19 397:7 398:15 400:11 400:18,24 404:9 parts 419:12 521:20 party 286:24 343:16 375:6 425:4 489:14 498:22 504:5 510:6 513:19 524:14 pass 455:22 456:4 passed 299:17 passing 458:4,9	past 371:17 404:1 463:8 path 465:19 466:24 467:5 467:14 468:4,7 pay 289:6 291:22 292:10 297:1 306:18 335:20 357:20 358:24 366:2 468:12 488:18 488:18 490:4 532:25 533:8 547:17 paying 289:1 291:9 292:20 292:24 293:2 293:23 294:1 297:12 303:21 304:8 313:4 324:22 358:1 365:12 366:6 366:20 payment 302:19 306:21 324:3 505:4,5 payments 293:14 297:3,6 298:6,9,12,15 298:15,20 299:1,12,16 367:1 pays 365:25 pbgc 526:6	peak 316:14,15 pearlson 279:4 281:4 287:6,6 288:4,14 294:24 303:11 314:20 318:4 325:16 326:6 326:20 328:23 329:6 331:20 331:24 332:1,3 336:4,7,14,22 336:24 337:1,4 337:11 347:1 347:10 348:1,3 348:23 349:1 349:11,14,16 351:14 361:19 362:3 369:24 378:8 384:22 386:14 387:15 387:24 390:10 390:22 398:19 400:14 401:10 402:14 403:2 403:15 406:12 406:16 413:16 415:22 416:5 418:20 426:7 426:11,18 431:25 433:3 447:2 449:4 450:7 467:13 467:17 469:25 477:17 490:7 490:16 492:12	492:16,23,24 494:20 498:7 500:2 502:23 514:24 515:1 517:17 522:19 524:11 534:7 540:1,8 549:10 560:20 562:22 pending 294:20 314:8,9 pension 524:22 525:5,6,8,11 peo 309:14 people 293:8,24 293:25 305:24 305:25,25 306:2,3,14,17 318:24 335:2 335:15 356:17 374:8 377:10 388:9 407:10 408:1 443:6,25 456:8 472:13 472:22,24 494:24 503:11 509:5,23 528:9 528:12,13 perceived 543:16 554:1 percent 344:14 344:14,16,17 381:15 394:11 394:18 395:1 396:7 397:7,9
-----------------	--	---	---	--

CONFIDENTIAL

[percent - plan]

Page 51

397:18,19	287:21 318:20	558:6 559:25	personally
398:15 400:10	327:6,8,10	560:5,10,15	290:24 291:1
400:17,24	328:3 331:8	561:19 562:10	540:11
401:6 403:21	347:5 355:12	perio's 425:17	personnel
404:8 408:22	355:15 356:18	546:11 547:4	472:11
408:23 409:9	371:23 372:5	555:9 561:1	pete 505:9,21
409:10 412:6	372:19 381:21	562:8	pga 472:9
515:25 516:1	383:22 387:19	period 294:22	507:21,23
518:22 525:14	405:18 406:1	304:16,17	phone 418:19
525:21 526:10	408:7 409:10	316:21,24	425:24 428:22
526:22 527:2	409:17 412:7	318:3 319:21	436:18 437:15
540:12 543:13	413:11 414:10	320:22 325:5	phones 286:5
544:20,22	416:7,25	334:19 336:2	phrase 444:14
547:16 548:7	417:18 418:2	336:18 337:20	468:2
557:1,1,10	418:15 419:5	351:25 352:1	phrased 325:17
percentage	421:15 422:21	352:21 381:25	physical 306:7
409:23 423:16	422:25 426:21	400:15 418:25	306:8
527:5	436:6 437:7	456:21 484:4	pick 286:4
percentages	445:7 447:6	489:4 528:1	pieces 452:1
410:12	452:25 453:9	periods 299:25	539:9,10
perfect 315:18	455:21 457:3,7	permission	place 286:7
315:20	459:2,20 470:4	300:10 301:1,4	309:14 355:5
perfectly	477:21 479:3	301:8 454:9	367:25 368:2
474:20	480:1 487:1	permitted	384:19 388:22
performed	488:9,24	301:21	397:10 438:15
415:9	491:23 493:3	perpetuity	475:7 523:10
performing	494:12 499:2	504:15 506:25	534:16 536:2
525:10	499:21 500:5,9	507:5,9	560:24 565:12
perio 278:7	501:21 503:4	person 314:14	plaintiff 278:5
279:18 280:3	503:17 506:3	425:22 464:8	278:14 279:6
281:24 282:9	528:7,16 535:6	516:21	288:18
282:16,23	535:9 540:14	personal 380:5	plan 282:17
283:2,8,12,23	540:19 543:10	540:20 541:18	284:7 289:9
284:3,5,10	546:1 553:23	542:7,9 546:3	308:12 322:6
286:13 287:20	554:18,24		333:13,14,16

CONFIDENTIAL

[plan - potentially]

Page 52

333:17 363:20	play 343:14	562:23	possibly 399:25
364:1 386:5	522:1	pointed 335:16	439:5
393:25 406:2	plaza 279:15	399:13	post 312:10
406:25 407:4,7	please 286:3,5	pointing 349:9	381:2,3
409:3,5 416:14	287:2 398:20	points 301:20	potential 305:5
424:18,21,22	422:3 453:15	354:15 359:5	330:22 335:15
426:6 427:10	453:17,18	430:18	338:16,23
427:20,22	463:2 483:7	policy 439:24	339:7,14,14,25
444:17 452:4	494:10 549:23	pool 501:5	341:11,13,17
465:22,23	559:9	portion 302:7	341:20,21,23
466:16 467:9	plural 432:16	468:24,25	341:24 342:1,4
467:24 468:25	plus 299:22	portions	342:19 344:10
475:13 476:5	point 303:20	524:17	346:21 372:25
477:6 485:13	304:21 305:10	position 353:24	373:17 374:8
485:14 491:6,7	327:10 336:23	357:1 379:8	466:21 468:10
491:25 493:4,8	336:25 339:17	439:7 449:21	470:19 471:25
493:16,21	353:8 354:14	518:25 556:21	472:3,9 479:6
494:2,8,10	359:2 360:24	557:7	479:9 498:21
495:18,22	364:6,10	positive 319:14	510:12 513:1
496:14,15,18	367:23 372:3	320:3,9	542:4 543:20
498:11 504:9	377:24 378:17	possession	544:6 546:9,16
504:10 507:13	382:1 385:23	521:16	547:3,10 557:3
542:24	413:1 416:17	possibilities	560:25
plans 485:10	419:2 424:1	443:10	potentially
496:12,21	429:9 442:10	possibility	317:24 330:19
497:8	446:19 456:12	353:5 367:14	333:15 335:5
plate 377:1	463:17 464:25	378:21 485:24	342:25 353:5
platform	466:3 469:13	540:19	356:9 362:14
321:23 339:20	484:10 487:13	possible 322:18	379:11 381:7
340:16 341:4	490:19 504:7	343:10 357:6	403:3,4 416:7
342:14 344:1	507:9 517:8	362:14 400:6,8	431:3 440:3
383:14,19	539:3 553:15	547:17,18	443:11 456:8
490:5 501:7,20	553:18 555:10	548:13 549:8	491:14 493:23
504:21 508:23	555:19,25	550:21	510:1 512:7
509:1,6	556:9 561:6		533:25

CONFIDENTIAL

[power - probably]

Page 53

power 401:5 441:1 464:2	presentation 419:3,7,10,12	352:19 446:6 474:17 479:11	principal 519:7 519:10
pre 312:8 332:17,20 530:22 538:25	presentations 546:14,17 365:20	523:13 price 309:7 330:10,12,15	prior 302:15 307:17 310:25 311:4,5,5,7
precise 409:12 496:18	presented 376:17 460:1	331:1,13,13,16 332:14,15,16	337:21,23 351:9,19,22
preclude 467:20	535:18 548:18 548:19,25	332:21 333:23 333:25 334:3	352:22 353:1,2 354:2,11 374:6
prem 325:22	549:20 550:5	335:9 354:10	374:22,23
premise 559:12	550:13	354:18,21	389:6 420:22
premises 289:1 289:6 290:9 297:21 300:7 300:11 301:1,5 301:9 304:9,14 304:25 307:18 322:19 323:11 325:23 454:11	president 338:15 pretty 289:17 309:23 321:3 322:2,2,6,6 335:14 346:18 355:23 361:14 439:24 508:14 533:19	355:1,12 357:4 357:9,14,19 358:11,11,14 358:17,18,19 358:21,24,25 359:6,16 360:11,15,16 360:19,22,23 511:7,10,13	430:4 463:8 471:4 473:20 474:8 486:10 495:13 519:4 519:21 546:25 547:7 565:5
preparation 491:4 494:2	prevented 478:11 510:7	530:7,13,19,21 535:7 538:4,19	private 286:4 544:18
prepare 389:1 437:3	preventing 478:1	538:22,24 539:21 547:24	privilege 301:12
prepared 407:6 407:9 423:3 437:1,6 453:11 493:16 565:23	previous 316:7 330:16 334:8 372:9 379:9	549:2 550:5,7 550:12 551:1 551:14 555:17	privileged 378:22
present 287:3 353:23 355:8 462:2,7 470:24 547:23 550:12 552:3 558:9 559:4,15,21 560:17 561:12 561:13	443:23 457:20 458:21 461:11 461:23 471:9 549:4,6 550:8 550:19 555:23 previously 325:11 345:16 347:21 350:7	prices 360:12 primarily 315:23 318:19 356:18 363:19 495:21 501:1 primary 318:8 516:21	pro 289:8 301:24 308:12 330:18,19 335:13 375:14 376:7 533:6

Veritext Legal Solutions

800-227-8440

973-410-4040

CONFIDENTIAL

[probably - purpose]

Page 54

446:1 526:7	334:11,24	363:24 379:6	428:7,10,12
540:16 553:8	project 472:7	389:24 392:16	508:25 543:3
problem	472:11	393:7,9 394:8	543:25 544:4
480:17	projection	439:8 441:10	544:19,24,24
problems 304:3	290:2	445:21,23,25	564:17 566:25
307:11 553:1	projections	446:14 447:17	publicly 320:16
procedures	306:25 330:15	452:9 453:20	322:22
278:22	533:6	462:23 473:18	purchase
proceeding	projects 289:18	474:4 479:22	284:12 338:17
287:1 288:20	289:18	480:7,20	338:25 339:18
process 314:12	promissory	484:20,22	340:3,14,25
317:12 318:11	519:5,8,23	523:1	354:12 360:21
354:8 384:14	promptly 446:2	provided 293:4	366:15 370:14
385:18 387:5	properly 337:5	310:16 328:11	517:20 518:2,5
388:7 391:24	434:16	329:20,21,23	518:18 521:5
412:24 414:14	property 313:4	330:17 335:23	525:1 529:5
455:14 458:1	proposal	336:10,17	530:8,10
472:18	547:19	346:16 350:17	532:18 533:18
produced	propose 545:14	351:2 371:23	536:3,11,24
410:16	547:10	389:15 411:11	537:2 538:7,12
production	proposed	446:12 459:4	546:10 547:15
288:18	282:16 284:7	475:2 522:13	555:17 559:24
productions	406:2,25 407:4	523:23	560:25
288:16	407:6 491:25	provider 344:2	purchased
productive	515:5 547:14	providing	358:6 521:23
432:13,19	555:16 561:10	318:2 329:12	532:14
professional	561:21	329:22 389:19	purchases
375:25	protective	390:6,9 407:14	331:12
profitable	278:19	553:17	purchasing
317:25	provide 308:7	provision	365:21 538:16
profits 344:18	325:19 328:17	302:11,12	purpose 339:8
programming	346:11 351:9	prudent 467:4	488:16 500:23
289:19 472:24	351:19,23	ptp 514:9,14,16	501:12 508:7
progress	352:10,13,14	public 382:12	512:3 531:17
330:22 333:15	352:16,17	423:11 427:11	562:16

CONFIDENTIAL

[purposes - read]

Page 55

purposes	qualify	457:20	520:4,11	quoted	511:11
395:24 473:2	quality	544:8,9	522:15,20,24		511:13
pursuant	quarter	311:11	525:18 536:19	quoting	467:11
278:22 522:4		311:11 503:6	549:22,24	r	
pursue	quarterly		550:1 554:10	r	278:20,20
469:1		281:13 303:6	559:9,10		279:1 280:1
470:22 475:24		303:15	561:18		288:1 565:1
476:16,20	question		question's	raise	302:24
498:24		300:17 310:13	486:17		323:10,14
pursuing		311:2 313:25	questions		330:23 333:12
466:6 501:15		320:7 324:16	308:25 331:6		338:16,24
513:11		325:15,17	336:1 337:14		339:10 340:3
push		328:25 329:24	337:19 338:12		358:2,11,19
put		331:15,19	344:20 349:21		535:25
339:7		334:11 336:8	366:20 391:12	raised	379:10
362:12 365:10		337:3,10,16,17	405:13 407:14		403:18 427:15
371:6 373:21		340:21,22	408:18 413:7		429:15 430:19
374:20 375:1		342:8 349:19	422:13 428:23		471:4 504:5
375:14,23		349:22 366:4	428:24 436:12	raises	357:15
409:24 417:10		372:15 378:15	436:19,20		535:24
428:11 463:23		381:24 388:5	437:16 438:12	raising	354:8
464:3,11,25		390:5 398:8,9	440:23 445:19	rather	512:6
470:16 490:4		398:16,21	448:22 460:8		533:7
545:8,12		402:17,22	554:20 559:23	rattle	410:7
putting		413:7 421:3,6	560:3,6,14	rawlins	505:9
356:13		431:19,20	quibble		505:21
364:16 374:13		448:9 452:16	quick	reach	446:2
407:11 464:13		463:1,3 475:10	448:19		562:6
493:21		478:14 482:20	490:8 540:2	reached	562:9
	q	482:21 483:6	quickly		562:10
qatar		484:19 485:17	quite	react	474:18
339:4,13		485:18 486:18	429:11	read	307:2
340:5,6,11		488:5 496:9,11	557:22		315:16 322:15
341:12,13		500:11 509:14	quiz		323:3 324:17
342:22 352:20		512:17 516:10	336:19		339:12 351:12
352:25 353:3			quote		
353:10,10,14			439:15		
353:16			439:16		

CONFIDENTIAL

[read - recall]

Page 56

370:18 378:15	548:20 556:11	341:25 342:2	433:13,14,22
385:12,23	557:24	345:8,18,24	434:9 435:6,15
389:4 397:16	reapply 485:20	346:22,23	435:19 436:19
398:19,21	reason 288:10	347:19 349:23	438:14,21,23
401:13 403:5	351:20 456:7	350:2,8,20	439:1,4 441:17
421:6 433:10	566:5	351:3 352:4,8	441:18,20,22
438:10 460:7	reasonable	352:12,15	442:2,6,8,15,21
463:3 520:11	289:14 291:6	353:13 354:16	442:25 443:3
522:15,20	291:11,11	354:18 355:5,7	443:17,20,22
527:12 549:24	333:11 362:12	355:11,15,17	444:7,13 445:2
559:10 564:3	375:16 526:8	359:20 361:5,7	450:2,22 451:4
readily 545:11	526:12,13,14	361:9 364:12	451:6 452:12
reading 401:11	reasonableness	364:13,14	453:13 455:16
404:7 449:9	357:19,23	366:18 367:10	456:9,25 457:6
ready 324:4	reasonably	368:1,2,4,9	459:8,9,13
456:10 466:16	369:10 441:3	369:1,4 370:24	461:24 462:6
474:20 485:15	reasons 351:10	370:25 374:1	462:11 463:11
real 289:23	557:13	374:12,19	463:15,21
324:10 344:12	recall 288:7	377:19 383:6	464:10,13,18
realized 468:24	291:2 292:13	385:10,11	464:22,24
543:9	292:14,16	387:12,14	465:11,17
really 290:7	294:17 297:5	388:5,8,15	466:13 469:5
301:23 306:7	298:19 299:3,7	391:3,7 392:10	469:12,13,22
314:15 317:6	302:9,13 303:1	392:12,13,15	471:21 473:4,6
335:19 340:19	305:7,16	392:19 393:20	473:10 474:7
342:21 344:12	306:20 307:15	393:24,25	477:13,16
365:8 377:3	307:16 311:13	405:5 407:20	478:21 479:15
387:7 427:21	312:1,3 313:1	410:18 411:12	480:24 481:3
444:13 464:2	316:6 317:3	413:13 416:8	481:14 484:24
464:14 468:8	319:11 320:13	416:12,13,15	485:23,25
471:21 475:9	328:9,16	416:16,23	487:6,7 488:1
476:13 484:15	329:12,21	417:18,25	491:9 494:7,25
505:20 528:2	331:10 332:25	421:11 423:17	499:1,3,15,24
532:10 533:14	334:8 339:14	429:1,2,14,19	506:19,23
544:12 545:1	341:12,16,20	429:24 433:9	507:25 510:20

CONFIDENTIAL

[recall - reflecting]

Page 57

511:4,9,24	recess	361:24	426:17 448:25	references
513:10 514:1,4		390:15 449:1	449:3 484:15	460:10
514:7 516:25		490:13 540:5	490:12,15	referencing
517:7,13,15	recognize		493:12 500:17	471:1 538:12
518:4 521:9		315:6 326:25	515:18 516:18	referral 453:21
522:8 528:18		327:3 470:13	540:4,7 563:4	referred 376:6
529:18,19,21	recollection		564:6	443:24 498:15
529:22 535:2		295:24 298:2	recorded	514:10 519:13
536:5,6,7,8,9		345:20 348:6		523:13
537:7,8,10,17		354:24 357:3	440:12,15	referring
540:25 541:2		360:5 361:11	466:22	315:21 348:16
546:4,5,20,21		361:17 367:24	recording	349:5 386:13
549:1 550:4		385:14,20		401:8 411:1
555:18 559:4		387:4 414:14	records	432:15,21
560:23 561:3,7		450:10 451:1		433:15 441:2
562:18,21		461:2,6,9	recovery	446:6 454:19
recapitalization		474:12 521:12	recused	461:8 467:12
319:2,9		530:7	redemption	467:22 488:3,5
recapitalize	recombine			489:12 496:15
318:14		512:10	redemptions	507:6 510:8,14
receive	recommended			511:23 514:3
342:16		545:21	315:23 316:1,2	524:25 525:4
382:10 394:17		reconsider	316:5,9,15,22	553:6 555:2
396:6 397:6		476:14	316:25	560:21
398:14 474:20	reconsidered		reduction	
received		477:9	315:24	refers 315:18
288:16,18		record	348:13 375:20	320:18 396:22
346:16 371:4		286:2,8	403:6 463:5	493:7 503:5,24
450:14,16,18		287:5 288:15	reflect	444:20
450:21 451:2		336:15 345:14		reflected 372:8
451:10		349:7 360:17	reference	462:1 485:5
recent		361:22 362:2	347:24 376:22	506:17 526:23
432:18 433:16		378:8,9,12,14	376:22 560:16	527:2 537:24
558:13		390:11,14,18	referenced	
recently		421:19 422:3	352:19 461:15	reflecting
532:25		426:8,12,14,15	514:6 521:6	536:23

CONFIDENTIAL

[reflects - rent]

Page 58

reflects	551:24	regulation	454:2 489:2,8	reminded
refocus	467:8	439:22,24	489:11,14	287:23 288:3
467:24	468:1	440:14,25	515:9	565:6
refocusing	552:20	441:2	relative 565:14	remo 378:20
refresh	295:24	regulations	565:16	remote 306:8
298:1	385:14	440:5,8,15	relection	remotely 287:3
385:19	387:3	441:11	354:23	287:18 306:2,3
414:13	461:1,5	regulatory	relevant 435:22	removal 378:5
493:11	521:12	388:11 420:21	relief 288:22	remove 364:7
refusal	379:3,6	reimbursement	relieved 544:3	377:24 378:21
refused	463:23	301:24	557:2	380:14,19
478:9		reimbursing	reluctance	381:16
regarding		324:24	427:19	removed 380:2
379:7	441:9	reinventing	reluctant 426:2	381:13 382:1
479:5	482:24	317:12,19	rely 333:6	removing
register	466:18	319:9	404:6	378:2,19
467:21	503:25	reinvest 537:10	relying 497:13	380:23
registered		reiterated	497:13 512:8	reneged 324:5
382:22,24		439:7	548:2	553:12
424:24	425:6	reject 440:24	remain 393:25	renegotiate
453:2	455:24	rejected 419:20	454:5	553:11,12
478:1	490:25	469:7	remaining	renew 485:4
512:14,22		relate 370:20	409:22	renewable
		531:25	remember	507:6
registration		related 286:24	289:2 292:7,7	rent 288:25
282:13	390:20	365:16 463:7	345:9 350:3,23	289:5,10,13
391:1	472:6	472:11 524:14	374:23 378:20	290:3,17,23
478:18	494:5	543:2	378:25 380:2	291:8,22
regular	281:13	relating 417:16	384:20 385:13	292:10,14,20
284:22	285:1	relation 536:3	392:3 465:3	292:24 293:3
303:6,15		relationship	487:1 517:3	293:16,23
549:13	558:22	343:22 344:1	527:4	294:12 297:1,2
regulated		346:6 356:8,11	remembering	297:3,12 298:6
382:13		424:9 425:4	421:8	299:2,12
		453:19,21,23		301:25 302:19

CONFIDENTIAL

[rent - respect]

Page 59

302:25 303:21	reporting	350:21 352:6	472:5,16
304:9 306:19	460:14 461:3	359:9,19,23	498:19
307:11 308:2,8	544:25 566:1	362:23 363:6,7	required 301:8
309:2,18 313:4	represent	368:10,12	301:13 402:23
313:10,11	287:12 343:23	417:14,15	424:5,23 425:2
314:4 324:3	535:9	441:9 442:10	440:5 441:10
365:12 366:7	representative	446:23 448:10	455:23
366:21 367:1,4	446:1,15	452:19 462:22	requirement
375:8,9 376:6	463:24 464:12	463:10 464:15	420:10 439:12
376:7,17 377:2	537:16	475:4	439:14 456:2
433:21 444:5	representatives	requested	456:17 465:23
rental 298:15	389:16 482:23	325:19 329:13	513:24
rents 309:11	547:2 549:19	333:2 350:16	requirements
repeat 395:5	560:24	351:24 352:5	306:24 386:1
rephrase 308:1	represented	367:17 416:19	388:11
325:17 356:24	345:6 389:17	417:23 419:18	research
418:9 436:2	505:14 506:1	422:6 442:6	289:20 380:18
446:9 457:19	542:18	475:1 478:7	reserve 288:21
461:13 466:9	representing	requesting	residing 288:1
522:22	286:20 287:8	442:8 452:1,16	resign 364:11
report 304:3,7	repurchase	requests	367:18 552:14
304:12 397:20	521:17	307:23 326:1	resigned
554:25	repurpose	327:10 328:10	552:13
reported	508:9	329:5,9 335:24	resolution
462:13	repurposing	336:10,11,12	491:18
reporter	472:21	346:13 350:4	resolve 467:3
278:21 286:21	request 307:25	362:5,8,18	resolved
287:22 378:10	325:13,24	363:3,4 369:8	314:13 497:11
378:16 398:22	327:4 328:14	370:16 417:19	resource 509:4
421:7 422:16	331:12 332:8	425:17 443:14	respect 302:24
463:4 520:12	334:7 337:22	448:7 475:11	382:16 388:23
522:21 531:21	339:17 346:12	require 396:12	389:21,23
549:25 559:11	347:17,20,20	396:20,21	392:17,17
565:4	348:13,18	399:21 400:4	396:2 401:24
	349:17,24,25	403:12,23	405:8 412:13

CONFIDENTIAL

[respect - rpearlson]

Page 60

414:19 430:8 444:14 464:6 478:17 523:4 531:3 542:25 respectively 521:9 respond 328:14 336:20 344:19 344:20 346:25 359:8 369:7 373:19 425:16 425:18 474:19 477:11 responded 346:24 368:9 452:20 477:15 478:8 responding 350:20 447:16 responds 359:12 415:2 427:9 473:15 480:1 response 333:11 334:25 335:23 344:25 345:23 346:13 346:18 354:9 359:18 368:13 371:5,11,12 379:3 446:17 452:19 453:11 462:22 463:10 473:24 479:25	responsibilities 505:6 responsibility 543:24 544:3 responsible 292:17 293:5 293:15,19,22 294:1 318:10 318:15 515:13 553:17 rest 408:24 409:1 410:25 411:1,7 551:13 resubmit 435:4 482:25 result 313:22 543:8 resuscitate 485:20 486:3 retain 377:9 retained 385:20,22 389:24 562:15 retention 522:12,25 retrospect 429:11 return 355:23 revenue 499:2 revenues 315:25 316:10 317:13,23 322:11 330:20 382:7 468:13 498:13	reverse 544:12 544:14 review 370:9 386:19 407:18 422:1 441:6,15 442:3 reviewed 301:19 441:19 reviewing 328:10 407:20 revisions 493:4 493:9 right 294:2 305:20 314:20 321:12 333:6 344:7,14 348:12 349:14 361:23 370:1 381:16 394:17 396:5 397:5,13 397:14 398:13 401:5 402:2 409:13,18 410:5 418:12 445:3,24 477:17 482:3 482:12 488:7 492:25 507:4 507:23 527:23 528:3 547:22 551:15 554:6 rights 288:21 rise 381:25 risk 507:10	risks 557:3 role 319:2 343:15 362:24 363:18 376:23 377:8 388:6,8 391:9,25 489:23 516:3 516:23 517:5 521:25 537:23 537:25 roles 515:20 room 308:14 330:18,18 roseland 278:23 279:3 286:19 ross 279:4 287:6 290:25 308:21 318:3 325:15 326:18 328:22 347:8 347:23 349:5 349:13 386:11 387:22 413:22 432:17 453:4 roughly 355:2 round 328:5,8 330:20 331:2 333:10 334:2,3 334:5,7,9,16,18 334:20,24 359:3 530:24 rounds 409:25 rpearlson 279:4
---	--	---	---

CONFIDENTIAL

[ruchalski - sale]

Page 61

ruchalski	278:8 279:22 280:4 287:17,17 293:12 297:19 298:24 303:25 452:25 453:8 455:20 457:2 rule 439:21,23 557:11 rules 278:22 run 490:22 509:5,17 running 363:7 runs 363:21 rushing 387:22 ryan 505:11,12	320:10 323:16 324:19 325:4 325:15 327:16 328:20,24 329:4 331:4,18 331:22,25 332:2 333:8 334:4,14,18 335:25 336:6 336:13,16,23 336:25 337:3 337:10 339:21 340:8,17 341:9 341:18 342:10 342:18,20 343:7 347:8,23 348:2,4,7,21,24	391:18 394:4 395:3,10,15,21 396:14 397:11 397:22 398:1 398:16,23 399:23 400:12 400:15 401:8 402:11,25 403:14,16,25 406:9,14 409:11 411:3,6 412:2,10 413:4 413:22,24 414:6 415:20 416:4 417:5,17 418:5,7,18,21 420:2,7,18,24	481:12,20 483:9,16 485:22 486:6 486:24 487:5 487:11,25 488:13 489:4 489:10,16 490:1,10 491:13 492:3,5 492:7,11,14,20 494:18 495:9 495:17 498:4,8 502:14,16,21 502:24 503:1 506:7,9,15 507:21 510:9 512:16,24 513:15 514:21 514:25 515:3 516:8 520:4,8 520:22 521:7 522:18 524:9 524:15 526:18 528:17 531:7 533:9 535:19 549:22 553:3 554:4,8 555:4 557:21 558:4 559:8 560:16 sale 401:6 498:18 517:10 530:2 535:18 538:3 547:3 555:8
s	s 278:20 279:1 279:10,17 280:1,1 566:5 sack 279:10 287:10,10 289:7 290:14 290:24 292:22 293:17 294:9 296:11,14,16 298:17 299:14 299:20 300:12 301:10 302:5 303:22 304:5 304:10,15 305:23 307:13 308:21 309:3 313:5 318:3,6 319:15,17	349:2,5,12,15 351:11,15 355:20 358:16 359:11 360:14 360:20 362:9 363:12,15 364:9 365:15 365:17 366:22 367:3,6,21 369:9,20,24 370:2,4,7,23 373:2,4,6 376:24 379:15 379:18,24 380:25 381:8 381:10 384:15 386:11,16,24 387:22 388:1	421:2 424:11 424:19 425:5 428:17,19 430:5 432:16 433:1 436:14 437:21 439:17 440:10,18 442:24 443:8 444:12 446:8 450:6 453:3 454:17 461:19 462:4,25 463:14 464:1 466:20 467:10 467:16 475:3 476:1,19 478:20 479:18 480:23 481:10	

CONFIDENTIAL

[salerno - says]

Page 62

salerno	278:16 279:6 281:19 281:23 282:2 282:23 283:1,5 283:8,11,22 284:2 286:16 287:9 307:16 308:8,20 311:22 312:5 325:12,19 326:10 327:5 327:14,20 329:12 330:13 331:1,9 332:9 332:15 333:2 334:7 335:23 337:18,18 346:11 347:5 347:19 348:10 349:8,23 351:21 352:4 353:13,17 354:3 355:9,17 355:25 358:6 360:6 362:6 363:10 364:7 367:18 368:9 368:22 369:1 369:16 370:13 371:12,21 372:7,15,18 375:10 377:4 377:22,25 380:5,14 412:22 414:22	415:19 417:3 417:15 418:16 419:4 421:15 422:7 425:9,12 426:2,20 427:1 427:19 428:14 428:20,24 429:2,15 430:12,25 431:21 432:2,9 439:7 441:6,8 441:15,23 443:19 444:10 444:19,21 445:6,21 446:7 446:11,23,24 447:5,13 463:11,23 464:11,18 467:1 468:16 469:3,14 470:4 471:4,14 473:15 474:3 474:19 475:1 475:23 477:12 477:15,21 479:4,8,22 480:1 481:5,17 482:18,22 483:7 486:9,12 486:13,20 487:16 495:7 495:14,15 511:1 566:3	salerno's 328:14 331:11 334:10 342:8 344:20 350:21 359:8,19,23 362:7 376:23 378:5 447:16 462:22 463:10 478:2 480:14 481:15 salesperson 500:14 satisfied 301:17 satisfy 356:19 saw 289:12 308:14 391:8 395:13 406:20 406:21 422:14 443:23 448:11 529:5 539:4 562:19 saying 321:9 333:5 347:24 350:23 373:11 399:11,11 400:16 410:25 411:3,24 415:20 427:9 433:18 437:14 440:16,19 442:2 443:3,17 443:20,22 450:23 455:19 464:19 465:3 471:12 474:25	476:2,8,9,11,16 476:18 481:3 482:14 485:15 503:4 515:18 539:20 says 295:22,22 296:23 297:20 300:4 320:19 322:17 323:3 323:10,18 324:14 327:16 327:17,18 338:14 340:2 347:16 348:17 349:17 350:13 351:6 353:20 357:2 371:14 372:15 386:7,7 389:14 393:6 396:1,3 397:3 397:25 398:2,4 398:5 399:6,8 400:20 401:3 402:13 406:24 407:1 408:13 408:20,21 409:14 411:4,9 414:22 421:25 422:10,25 423:1,18 432:11 434:4 439:6,11 440:4 441:6,13 445:20 451:25 452:23,24
----------------	--	--	--	---

CONFIDENTIAL

[says - see]

Page 63

453:14 454:15	532:12	460:6,24	securitizing
456:14 457:21	scheduling	465:18	382:9 508:22
462:12,20	458:3	sections 301:16	security 299:4
465:25 467:17	schotz 279:15	396:19	309:20,21
479:4 480:2,3	287:19	secured 397:10	310:7 312:16
502:6 504:4,14	scope 362:23	securities 278:9	313:9,10 324:3
506:24 510:4	scrutiny 548:4	279:13 284:7	383:16 401:7
511:17 518:9	search 305:15	284:12 287:13	500:1 557:8,12
519:3,13	searching	435:18,20,24	see 293:24
524:14,20	385:15	436:4 455:5,10	297:22 300:8
525:5,13 527:4	sec 536:16	456:4,18,24	301:20 315:3,9
538:9 552:3,8	sec's 557:8	457:4 488:4,10	323:13,21
552:22 553:21	second 296:3,6	488:16,21	327:8,15
553:22,23	296:8,24	489:7,24 490:2	328:19 337:14
554:14,16,23	303:17 326:22	490:18 491:12	337:16 347:17
560:14,15	330:12 331:2	491:25 493:8	348:17 349:17
scenario 391:7	334:3 379:16	493:17 494:16	350:18 353:25
sched 400:2	420:25 438:6	495:6,16,18,23	369:16 370:12
schedule	467:14 480:3	496:1,13 497:3	370:17,19
392:21 393:2,6	481:16 498:20	497:7,15,16,18	371:2,6,9,12
393:9 395:12	519:4 530:24	498:18 502:4,5	372:14,17
395:13,16	532:11 533:20	503:20 504:2,6	373:22 385:25
399:2,5,7,7,11	533:23 536:25	504:14,17,19	386:4,12,16
399:13,21,21	543:22 545:19	506:1,2 507:3	389:7,10,12,13
400:2 401:21	550:20 553:22	507:13,16,20	391:5 393:10
402:8,23 403:7	556:18	508:3 511:20	394:7,12,14,19
403:24 404:5	seconded	512:20 513:2,3	394:23 395:16
415:4 455:17	554:22	513:5 517:10	396:3,9,11
455:22 456:11	secretary 437:5	517:20 518:2,5	397:8,9 399:20
456:22,23	437:9 553:8	518:18 519:1	404:16 406:11
scheduled	section 302:12	525:1 529:5	408:2,5,8,17,18
350:24 381:23	302:13 306:23	securitization	408:21,24
455:6 456:12	396:16,19,22	509:21	409:3,6,15
456:15,25	399:8 400:20	securitize	410:10 414:11
457:3,7,17	409:6 438:7	509:25	414:24 415:3

CONFIDENTIAL

[see - set]

Page 64

415:10 417:22	seemed 289:14	sense 362:11	529:6,16,19
421:3 422:19	291:10 335:3	387:23 427:25	530:1,8 531:5
422:22 427:2,4	362:22 475:19	498:17	532:19 533:17
427:6,11 438:4	509:3 541:15	sensitive 286:3	534:16,18,20
439:9 441:12	seems 400:7	sent 337:21	536:4 538:7
441:13,24	521:18 542:16	347:19 349:23	series 326:1
444:23 445:14	seen 295:10	370:15 412:12	337:13 365:22
446:3 447:11	385:8 391:1,4	415:6,7 417:20	365:23
447:15,21	406:18,22	449:25 450:20	serious 475:21
448:2,10	422:12	458:19 474:24	sersea 293:13
449:13,24	sell 332:5,15	476:8,10	297:18 298:24
451:11,15,19	338:18,25	484:17	553:7
451:19,23	341:3 342:13	sentence 296:6	serve 343:12
452:7 454:13	344:15 353:24	300:14 315:19	435:8 437:8
454:16,18,19	356:25 382:12	324:16 351:6	454:15,22
454:20 455:3,6	401:5 497:15	376:2 434:5	455:9,22
455:18,25	499:14 511:6	441:5 502:7,25	488:10
460:15,20,23	530:14 541:4,8	503:5 510:4	served 488:14
462:12,18,20	542:8,12 562:7	522:17	server 310:9
465:19,24,25	562:10,11	separate	servers 310:2
473:23,25	seller 332:23,24	306:16 356:9	366:11
474:2 493:5,9	518:9 519:5	377:7 442:22	service 389:12
493:13 494:13	selling 343:17	454:25 468:10	389:15
503:20 504:2	382:9 508:24	468:12 529:3	serviced 309:14
518:8 524:23	508:25 530:14	537:14	services 281:11
525:17 536:21	540:19 541:18	separately	295:4,9 318:1
536:24 552:1	542:7,9 543:8	366:10 434:5	318:13 384:2
559:3	543:17 546:2	september	515:11,19
seeing 451:6	send 365:20	283:19 379:3	522:6,7,13
seek 288:21	458:24 476:12	381:3 458:14	523:1,13,23
300:25 301:4	483:14	459:15 466:2	525:10
400:7 454:9	sending 348:19	466:11 473:5,9	serving 515:20
seeking 386:19	350:4 359:17	473:13 483:23	516:23 553:7
seem 356:19	408:5 451:2	519:6,8,9,11	set 323:20,24
476:13 542:16	501:22	524:20 527:4	409:5 410:11

CONFIDENTIAL

[set - signed]

Page 65

472:13 550:19 559:2 565:12 settled 365:4 526:5,6 settlement 524:22 525:5,6 525:8,11 several 300:5 346:3 354:15 361:2 381:3 458:2 shahinian 278:23 279:2 286:19 287:8 shake 484:13 share 330:9 331:12,14,14 331:16 332:6,8 332:11,17 335:9 353:15 355:1,3,12 357:4,9,14,15 357:16 358:12 358:14 359:4 360:11,18,25 361:4 370:16 511:13 530:7 530:11,13,19 530:25 532:1 532:20 533:13 535:7 538:20 539:22 547:24 550:5,7,12,24 551:1,6,9,12,14	shared 346:20 353:12 shareholder 327:14,21,23 328:7 329:20 359:3 376:8 377:2 394:10 422:3 433:7,24 462:15,16 510:7,12 513:13 542:19 shareholders 278:14 286:16 333:20 346:19 376:10,11,13 376:18 379:4 383:16 415:5 423:8,12,15 433:6,19,21,23 434:3 444:4 479:6,10 481:7 513:8,22 545:16,18,24 546:24 557:19 557:23 558:3 558:10,12,14 566:2 shareholding 423:3,5 shares 328:4,7 332:5,15 333:21 334:13 334:17,21 344:16 354:13 354:19 355:1	357:21 358:6,9 358:20,22 359:4 360:9 370:15 380:6 380:23 381:21 381:22 382:9 382:12 443:6 508:25 510:23 510:25 511:6 511:12 513:19 518:10 519:19 519:20 521:1,3 520:14,16 532:19 535:18 536:11 538:4 538:17 539:11 540:20 541:4,5 541:8,18 542:8 542:9,10,11,13 542:22 543:8 543:10,13,17 544:1 546:3,10 547:4,4,16 548:12 555:8,9 555:17 559:24 561:1,1 562:7 562:8,10,11 sharing 290:9 sheet 320:8,12 532:14 545:5 545:12 556:17 564:5 566:1 shift 485:10 487:12	ship 485:12 short 509:17 show 295:6 303:13 310:6 314:20 326:6 326:14 347:1 347:12 384:22 387:15 388:2 406:5 426:7 432:4 437:11 445:10 447:9 470:7 500:2 517:17 534:7 549:10 554:8 558:17 Showed 330:19 517:1,4 Showing 320:8 432:5 500:7 sic 470:23 side 332:14 505:18 526:15 526:17,19,21 526:25 528:13 548:17 550:5 sides 505:21 555:20 sign 324:5 459:20 543:3 signature 315:9 389:8,10 565:21 signed 318:12 459:22 460:1 476:12 543:1
---	---	--	--

CONFIDENTIAL

[significant - specific]

Page 66

significant	skills 472:24	386:12 393:16	305:21 306:24
299:4 310:4	skipped 326:21	394:20,21	307:8,12 309:6
321:4 330:20	slash 392:6	395:5 406:12	309:9,12,13
335:15 375:25	544:13	406:16 409:3	310:14,16,18
541:10 543:7	slowly 520:10	413:23 422:16	311:6,8,16
signing 305:17	small 529:16	428:4 432:19	312:9,12,12
311:15	553:20	449:6 461:20	324:18,21,23
similar 406:22	smaller 552:24	466:9 469:20	324:25 365:5
501:8,10,12	553:7,19	479:2 482:20	375:9 376:7
simon 503:16	software 310:8	486:16 532:6	452:4,10
simple 313:15	472:7	536:16 552:2	453:25 553:2
simply 425:18	sold 333:21	559:8	553:17
sincere 476:13	334:12,17	sort 290:1	spaces 310:24
477:6,8,9	339:19 359:3	462:2	452:3
484:15	501:6 510:22	sought 463:9	speak 405:14
sincerity 476:6	511:12 519:25	sounded 333:6	417:3 418:15
single 358:17	543:10	sounds 409:13	444:9 446:7,11
sir 319:22	sole 417:8	483:22 545:8	446:14,24
500:17	425:18 427:5	source 342:13	461:2 480:5
sit 450:25	477:4,4	499:2	546:8
513:10	solicit 341:23	sources 501:2	speaking
site 310:3	somebody	southern 278:1	336:24 337:8
sitting 361:18	358:2 437:2	sovereign	419:13 428:15
403:1,16	someplace	339:5,5 353:6	460:11 471:11
situation	559:16	spa 309:10	special 283:17
294:14,16	somewhat	space 290:12	394:16 397:5
313:15 319:8	466:22 531:9	290:19 291:10	398:12,13
320:3,9 501:24	555:22 556:19	291:13,14,17	400:21 458:13
six 283:14	soon 476:11	291:19,21,23	546:23
361:2,4 448:14	sorry 296:7,13	292:1,5,21	specific 289:25
476:2 483:10	297:23 324:15	294:6,7 298:7	326:5 329:4
483:17,19	326:20,21	298:13,16	333:7 337:13
484:7 485:11	334:14 343:3	300:1,21 302:4	340:22 342:2
skill 472:13	346:12 349:2	302:7,8 305:6	346:1 355:15
	351:14 360:16	305:9,11,12,18	356:5 360:6

CONFIDENTIAL

[specific - sport]

Page 67

366:17 370:10	553:6 555:19	279:13 281:14	346:5,10,20
372:24 374:1	561:3	283:18 284:6	354:4,13,20
391:7,25 392:6	specifics 299:4	286:12,14	355:13,18
405:6 406:21	332:25 460:4	287:13,13	356:11,17
413:13 415:21	529:22	288:25 289:6	357:9 358:8
415:23 421:8	speculate	290:10,12,19	360:7 363:11
433:15 437:13	373:12	291:13 292:1	364:2,8 365:13
441:2 446:25	speculating	292:19 293:1,4	365:20,25
451:1,4 485:23	373:9 407:25	293:16,22	366:1,9,17,20
486:1 487:1	speculation	297:10 298:5	367:10,16,18
508:7 511:22	412:11	298:14 299:2	369:3 373:25
511:24,25	spell 500:16	299:12,24	374:18 376:23
514:2,5 522:9	516:17	301:4,8 302:4	380:14 382:11
522:12 523:4,7	spend 317:20	303:7,16 304:4	382:17,21,24
547:23	spiro 279:11	304:8,12 305:5	383:20,24
specifically	287:12 520:10	305:11,18,18	384:1,12
290:5 291:24	520:20 522:15	305:21 306:6	385:16 386:22
292:16 311:14	532:4	306:18 309:22	389:20 390:2,7
317:4 323:7	split 331:12	310:6,11,20	391:6,10
327:11 338:13	483:24	311:6,18	393:19,23
340:7 350:2	spoke 340:4	312:17 320:24	394:1,2,24
356:7 366:18	345:19 353:12	321:17,17	395:20 400:25
373:15 385:12	361:14 405:17	322:8 323:6,10	402:5 403:18
391:3,16 405:5	405:18 415:15	323:11,15	404:10,19
407:20 412:23	417:7 428:19	324:9,12,17,21	407:10,23
416:15,16	430:2 444:7	324:22 325:13	409:15,18,21
417:14 419:13	446:23,24	325:22 326:2	412:8 413:4
431:21 433:9	447:1 461:16	327:15,21	415:25 417:10
433:13 434:9	461:21 480:6	331:15 332:4	417:10 418:3
440:13 444:7	480:17,24	332:14 339:20	420:23 422:6
450:3,22 451:9	481:2,15 543:7	340:16 341:4	423:21,24
474:14 495:13	spoken 341:11	341:22 342:7,9	424:3,8 428:8
499:1,3 501:23	405:16	342:12,14,16	429:8 431:4
511:23 514:2	sport 278:4,9,9	342:24 343:2,9	435:18,19,24
530:5 537:11	278:13 279:13	344:5 345:7,12	436:4,7,21,22

CONFIDENTIAL

[sport - stamped]

Page 68

437:16 442:22	505:25 506:1,5	sportblx 502:8 554:16,20	sportblx0128... 284:8 492:1
443:5,12	506:11,12	sportblx0001...	493:12
444:11,17	507:2,13,14,16	284:11 500:6,9	sportblx0140...
445:24 447:24	507:19,20	sportblx0002...	283:6 432:3,7
452:13,15	508:2,3,13	282:25 421:17	sportblx0153...
454:23 458:14	509:9 510:1	421:23	282:6 385:1,6
459:10,10,16	511:20,21	sportblx0004...	sports 321:25
466:17 468:13	512:13,20,20	281:24 347:6	335:2,11
468:14,23	512:21 513:1,2	347:14	375:25 472:11
469:21 472:19	513:3,5,6,13	sportblx0004...	508:8 509:24
473:7 477:14	519:12,17,18	282:17 406:3,7	543:2
481:18 482:23	519:20 520:19	sportblx0005...	spread 358:23
484:20,22	520:24 521:1,2	282:21 413:20	spring 326:4
485:3 486:1,21	521:2 528:5,9	414:3	341:7 356:1
487:21,22	528:13,19,21	sportblx0005...	531:4
488:4,10,16,19	529:1,2,8,8,12	283:3 426:22	staff 502:9
488:21 489:1,7	529:25 530:2,9	sportblx0005...	stage 335:12,14
489:15,18,21	530:14,16	283:13 447:7	494:13 533:21
489:24,25	531:18 534:23	sportblx0005...	533:23
490:2,3,18	535:16,22	283:9 445:8	staisil 353:10
491:12,24	536:11,24	sportblx0005...	361:14
493:8,17	537:13,18	445:13	stamp 432:6
494:16 495:3,6	538:17 539:10	sportblx0005...	stamped
495:16,18,19	539:15 540:10	283:23 470:5,9	281:15,20,24
495:20,22	540:14 541:10	sportblx0005...	282:3,6,10,17
496:1,4 497:3	541:13,19,22	284:3 477:22	282:20,24
497:7,14,17,18	541:23 542:8,9	478:25	283:3,5,9,12,15
497:21,25	542:10,11,21	sportblx0005...	283:19,23
498:6,10	543:7,16,23	283:15 448:16	284:3,7,10,14
499:25 502:2,2	544:2,7,11	sportblx0005...	284:20,24
502:3,7,9	545:2,2,15,25	451:22	285:3 303:8,18
503:9,12,14,19	553:1 557:6,6	sportblx0092...	326:11,16
504:2,5,17,19	557:15,20	282:10 387:20	347:6,14
504:19 505:8,9	559:25 566:2	388:4	368:22 385:1,6
505:14,18,23			

CONFIDENTIAL

[stamped - sublease]

Page 69

387:20 406:3,7	295:3,8,16	537:13 538:4	string 282:1,19
413:20 414:2	453:15,17,18	stop 313:12	282:22 283:7
421:16,23	565:4	332:3 337:6	283:11 347:13
426:21 432:2	stated 350:14	371:15,16,21	368:21 413:19
438:2 445:7,13	441:6 467:7	371:25 372:5	421:15 445:6
447:6 448:16	statement	444:5	447:5
451:22 458:15	310:6 336:14	stopped 297:12	strong 322:2,2
470:5,9 477:22	387:9 446:13	303:20 304:8	322:6
492:1 500:5	476:12	313:4	struck 499:6,8
517:22 518:3	statements	stopping 297:2	structural
534:11 536:15	300:15 480:3	storm 315:18	423:21,24
549:15 551:22	544:2 564:7	315:21	513:1
558:20,24	states 278:1	strategy 315:24	structure
stand 399:25	455:4	318:23 363:20	357:25 409:6
standard 544:5	stating 463:21	364:1,23	427:10,20,22
standing	295:19	470:24	427:23 494:12
430:22 462:17	295:21 314:6	strauss 278:7	501:13 513:7
standpoint	stenographic...	279:22 280:5	structured
320:13	278:21 565:11	287:16 318:19	513:5 521:15
staples 365:19	step 543:21	516:21 517:5	structures
367:7	544:12	525:23 537:15	322:4
star 518:10	steps 380:13	537:22 542:5,6	stuck 474:1
start 307:23	423:21,24	546:7,8 549:19	study 365:22
314:14 467:4	stern 279:12	551:24 552:5,8	458:6
468:4 472:12	287:12	555:5	stuff 548:9
472:23 491:2	stick 486:21	street 279:15	sub 423:22
524:5 555:16	487:9	288:2	512:15,23
started 305:12	sticking 375:15	strike 291:17	subject 278:19
317:20 321:20	stock 357:10	292:18 352:23	323:11 425:25
387:5,8,10,11	423:16 511:11	356:21,24	493:3 528:2
388:16 485:21	513:23 518:10	380:11 392:9	sublease 300:8
498:15	521:1,5,10,22	397:1 425:10	301:20,23
starts 466:6	530:3,9 531:15	453:17 489:22	312:25 323:21
state 278:22	533:24 534:1,2	497:24 523:20	323:24 324:8
281:10 287:2,4	536:4,24	525:20 562:5	325:2 452:2,10

CONFIDENTIAL

[sublease - take]

Page 70

452:17	subsequently	suggest 397:17	391:25 399:16
sublet 322:18	321:21 338:18	398:9 448:18	400:19 401:13
submission	338:25 341:3	541:25	401:14 404:10
391:22 452:5	subsidiary	suggested	405:18 409:13
submit 314:17	383:2 393:21	469:18,23	418:20 423:22
388:24 431:9	394:1 424:3	539:7 554:15	433:12 440:13
435:13	456:7 496:8	suggests 340:1	454:24 455:11
submitted	513:4 514:17	suing 295:15	463:6,16
315:7 327:5,13	518:15 544:21	313:13	465:11 466:5
391:5 392:11	substance	sullivan 503:16	468:1 481:21
393:13,17,17	292:23 353:16	sum 463:21	482:1 485:7
404:18 405:4	378:25 455:1	519:15	489:11,18
405:12 407:19	463:20,22	summary 314:3	492:7,22 505:1
407:23 411:13	464:20 465:4	314:11	510:14,18
411:14,15	479:16,19	summer 403:18	511:2 514:16
416:10 435:16	519:16	504:25	514:24 527:3,5
435:24 438:22	subtenant	support 332:19	527:7 528:3,10
438:24 466:11	292:25	504:5	545:2 553:13
466:14 491:8	subtleties 553:9	supported	555:11 559:12
491:10	succeed 509:10	332:21	560:13
submitting	success 333:17	supposed 394:8	survive 522:10
315:11 391:16	334:1 524:21	395:13	sustained
subscribe	526:1,4,8,10,22	supreme	432:24
564:6	527:2,15	281:10 295:3,8	swap 513:8,23
subscribed	528:24	sure 293:6,18	switch 497:21
564:12 566:22	successful	295:20,20	sworn 314:18
subscription	466:18 468:14	300:20 306:3	564:12 566:22
504:18,22	475:19 478:12	308:24 314:12	system 497:2
505:3	478:13 511:14	314:15 317:5	
subsection	545:3	325:8 327:22	t
403:6	successfully	328:19 351:4	t 278:20,20
subsequent	467:21	359:13 360:1	280:1 565:1,1
344:23 345:23	sue 313:16,17	368:8,12	table 410:22
353:14 477:3	sued 294:18	379:19 387:7	tactic 375:22
487:23 559:7		388:19 391:8	take 286:7
			294:25 312:8

CONFIDENTIAL

[take - terms]

Page 71

329:14 332:12	320:21 324:12	321:23 366:16	ten 490:9
345:3 347:9	325:12 336:3	366:17 470:23	tend 345:25
353:23 358:25	338:2,5,9	472:7,10,13,22	tense 371:17
361:20 365:23	340:7,20,23	472:23,25,25	404:1 463:8
380:14 385:3	344:9 348:8,9	473:1 486:4,22	term 307:24
387:25 390:11	362:5 375:16	487:10,13,15	317:18 320:5,6
391:14 421:4	381:2,6 396:16	487:19 488:19	327:22,24
423:21 430:20	401:20 402:12	496:2,2,3,6,8	365:7
431:12 434:3	412:6 433:8	497:1,4,5,8,14	termed 375:9
437:2 448:19	434:8 437:12	497:16,22	terms 291:16
448:19,20	440:8,11	498:1,1,2,11,13	298:12,12
455:13,15	453:16 490:17	498:21 499:9	299:10 305:20
456:3,11,15	502:11 514:13	499:11 504:15	317:10,15,15
458:2,4,5,6	530:24 534:15	504:20 505:13	317:17 321:25
467:11 476:14	534:15 542:13	506:25 507:3	323:20,24
477:11 490:8	550:25 556:6	507:12,15,19	324:2,2,3,6
536:2 540:2	talks 307:2	508:2,6,7,9	330:6 351:8,12
544:23	375:4	509:10,15,19	351:15 356:11
taken 278:20	target 550:15	509:20 510:2	358:23 364:25
361:24 390:15	550:16	512:9 513:2	365:11,18
433:5,19,21,23	targeting	tell 301:7 305:8	377:22 383:7,7
449:1 457:23	548:14	311:21 312:19	387:11 396:24
457:24 490:13	tax 427:23	312:23 313:3	399:3 402:7
540:5 565:11	taxing 548:8	321:1 330:1	435:8 441:3
takes 455:17	team 369:3	335:22 345:2,5	448:1 505:2,5
talk 429:10	391:20	352:9,18,23	508:12 516:2
talked 312:6,11	tech 494:25	370:8 382:4	524:4 526:20
312:14 356:5	technical 321:6	410:19,23	526:21 527:8
379:14,14,25	technically	430:12 446:19	527:11 528:20
458:23 460:22	372:2 377:18	458:18 465:13	528:24 533:4
530:24 543:19	377:19 420:4	518:13 519:15	535:4,6 538:19
546:12	technol 310:9	telling 350:21	542:2,7 543:6
talking 288:25	497:22	463:11 464:10	547:3,10,14,23
294:5,23 318:4	technology	464:24	547:24 548:24
319:19,20,22	289:21 310:10		549:2 550:23

CONFIDENTIAL

[terms - third]

Page 72

552:9 553:7	311:24 312:5	366:23 368:5	511:2,11,12
555:16,18	312:15,16	368:11,13,14	512:5,25
556:23 561:5,7	318:8 335:16	369:10 372:2,2	514:11 515:4
terrible 343:17	357:22 363:4	373:9 374:14	515:11 516:10
542:24	365:19,22	375:15 377:11	516:13 517:6
test 357:24	366:16,23	379:12 381:1,1	521:13,14
455:13 458:9	371:22 375:23	387:24 388:9	522:16 523:3,3
557:9	450:24 495:19	389:5 398:17	523:9 526:7,11
testified 288:3	508:9 523:11	399:2 403:20	527:23 528:9
360:5 367:17	532:16 548:2	406:9,14	529:17,21,22
436:10 498:10	556:20,24	408:15 410:22	529:22 530:10
testify 288:11	558:9	411:17 413:6	532:3,9 533:19
565:7	think 290:18	420:4,25	534:18,21,24
testimony	291:20 294:10	423:10 424:1	535:1,2,11,11
278:20 289:4	294:25 298:11	429:9,10	535:20,22
291:25 345:14	304:21 305:1	431:11 432:16	536:12 538:7
352:19 366:25	307:21 308:1	436:15 437:8	538:24 539:6
382:3 383:9	310:10 319:15	439:5,24 441:3	539:11 540:12
461:11,16,23	319:17 321:15	442:10 447:20	542:23 543:11
538:13 565:10	322:5 324:20	448:6 449:19	543:19 544:11
thank 303:12	328:6,24,25	454:1,7 456:6	547:5 549:8
326:8,21	332:7 335:12	457:23 459:1	550:1,3,7
386:16 397:13	338:21 340:4	460:2 467:4	553:8,17
413:24 492:8	345:8 346:17	469:18,22	554:12 555:3,5
492:11 517:24	348:22 350:24	471:7,20	555:20 558:9
563:1,2	351:11,13	472:21,24	559:13,15
thing 336:18	353:12,12	475:9 477:3,5	560:16,17
342:23 455:19	354:5,9 355:2	479:11,19	561:16,16
455:19 457:8	355:23 356:18	482:2 486:10	thinking
475:20 478:12	358:10,15	488:22 500:21	374:24 380:2
510:11 512:10	359:14 361:1,3	501:23 502:13	468:4
520:17 528:23	361:13,15	507:8,9 508:5	third 311:10,11
551:23	362:10 363:1	508:17,20	311:11 386:7
things 310:15	364:15,15,22	509:9,12	386:14 425:4
311:20,21,22	365:1,9 366:1	510:17,17,22	489:14,14

CONFIDENTIAL

[third - told]

Page 73

498:22 502:7	305:4 307:5	416:18 417:5,6	536:8 539:3
503:6 504:5	308:5,21,22	418:25 419:1	540:18 543:5
510:6 513:19	310:19 311:1	422:6,9 426:1	552:1,6 553:9
thompson	316:21 317:21	428:17,18,19	553:10,14
280:2 286:20	319:8,14,18	434:11,22	554:5 558:11
thought 356:8	326:3 328:10	435:24 436:3	565:11
360:18 364:17	329:14 334:2	438:18 442:9	timely 297:2
371:23 417:9	334:12,17,19	443:22 445:1	times 302:20
434:2 512:9	334:25 336:2	445:25 446:22	308:4,23
535:10 558:14	337:20 339:17	446:25 448:20	316:17,18
threatened	341:22,25	449:16,25	338:10 339:6
304:13,22,24	344:8,9 345:15	451:5 453:4,5	346:1,3,8
three 281:12,22	345:21 350:15	453:8,9,25	356:6 360:1
282:4,8 283:1	351:25 352:1,2	454:7 455:12	369:6 371:19
283:17 284:18	352:21,24	456:10,14,16	416:6,6,7
288:16 292:8,9	353:23 356:13	456:21 457:6	437:7 469:18
303:5 347:3	357:9 358:10	459:1,25 466:6	474:13
384:24 387:17	358:14 359:24	466:10 467:25	timing 364:4
426:19 458:12	361:3 362:12	468:3,7 473:4	387:23 491:15
534:9 558:5	363:12,13,14	481:16,22	527:4
threw 484:14	364:19 369:5	484:1 485:15	title 518:25
thrive 320:20	370:9 371:16	486:5,7,8	552:5
320:22,24,25	372:20 373:2,5	487:17 489:5	today 287:18
321:2,9,13	373:7 374:14	494:16,18	288:11,20
thriving 321:18	375:17 376:15	495:11 503:8	294:21 402:25
throw 375:19	376:20 377:7	503:13 508:14	451:1 513:11
throwing	378:1,3,4	508:15 509:3	together
475:20	379:11,12	509:19 511:24	364:16 373:21
time 286:6	380:1,22 381:3	514:5,19 515:8	375:2,24
287:2 288:7,24	381:24 385:4	515:10 516:13	407:12 429:12
290:13,15,16	388:16 400:15	517:1 518:18	490:8 493:21
290:21 292:6	400:22 404:1	518:25 527:24	543:10
294:22 297:16	405:2 409:9,22	528:1,4,19	told 310:23
298:23 303:2	410:3,4,13	533:8 535:15	311:21,23
304:16,17,23	412:1,15 413:1	535:20,21	312:5 314:10

CONFIDENTIAL

[told - tremendous]

Page 74

344:22 345:14	traded	322:23	trading's	556:12,15,15
345:16 346:2,4		340:15 383:16	463:24 464:6	556:19 557:20
352:13,16	trading	282:16	482:25 487:21	557:25 558:3,5
353:2 371:16		340:16 383:3,5	trans 519:1	559:6 561:10
413:2,9 420:3		383:8,10	transaction	561:21 562:2
431:6 461:4		391:11 393:14	331:23 332:8	562:13
474:3,8		393:18,20,23	332:23 359:6	transactions
took 301:16		393:25 394:3	498:16 499:4	317:21 498:14
355:5 367:25		395:9,19 402:2	501:15,16	516:3 524:14
368:2 384:19		404:19,19	505:8,18 506:2	529:23 535:7
457:7 521:16		405:10 406:2	506:5,21 510:5	535:13 556:18
534:16 535:12		406:24 407:7	511:18 515:5	transcript
560:24		409:18,21	519:16,19	564:3,6 565:10
top 282:1		412:9 413:5	520:3 522:1,13	565:23
295:22 327:13		415:18 424:3	523:2,5,8,24,25	transfer 519:1
368:21 373:19		431:5 435:8,9	524:22 525:1	transition
414:9 422:24		440:5 443:11	525:16 526:5	317:9,16 318:5
432:11 447:12		443:13 449:12	526:16 527:6,8	319:6,20
524:13		449:16,22	527:17 528:6	translated
topic 460:19,20		451:12 452:19	528:14,22,25	354:25
487:4,9		452:21 453:12	529:3,20 530:1	translates
total 357:1		453:22 454:4	532:10,11	356:23
403:17 433:23		454:10,22,25	533:21 534:15	transparency
504:4 521:21		455:9 456:3,18	537:6,23,24	369:2,5,8
521:21 551:13		457:5 462:18	538:3 541:15	transparent
totally 399:16		466:3 467:20	542:3,4 544:8	369:11 477:7
400:19 560:1		469:6 473:7	544:15 545:6	transparently
touch 463:23		475:25 478:1	545:13,18,24	369:5
464:3,11,14		478:17 485:5	546:9,16	transposed
towards 382:19		488:11 489:7	547:10 548:3	440:12
500:22 501:3,3		495:23 496:5,7	548:16,23	traurig 392:6
543:21 544:12		496:13 497:2	549:5,6,7	traveling
trade 383:10,13		512:14,22	550:19,20,24	362:21
383:15 489:15		513:4	554:2,23 555:8	tremendous
489:20,22			555:11,21,23	322:3 335:4

CONFIDENTIAL

[tried - understanding]

Page 75

tried	374:21 484:9 553:11 553:11	369:18 371:1 372:12 395:12 414:4 437:25	type	317:22 375:17	unanswered	417:19
true	301:3 356:19,20 399:17 452:13 533:17 548:8 565:10	438:6 448:13 451:21 454:13 485:11 494:10 524:6,8,12 536:15 558:16	types	365:9 553:9	under	287:23 289:10 301:25 315:12 317:5 365:24 380:4 381:24 386:5 389:7,9 393:5
trust	281:11,17 295:4,9 297:13 314:23 315:8	turning	362:15	typical	300:15 309:24	394:8,14 396:25 403:11 403:23 465:18 526:12 557:8
truth	565:7,7,8	twenties	540:16	tyrrell	279:5 287:7 492:10	underlying
try	318:14 320:11 329:1 336:3 337:12 343:24 363:16 377:15 380:14 395:6 401:18 402:18 430:25 486:3 489:2 495:10 497:4 502:17 508:2 509:5,19 510:10 520:14 535:25	twice	522:16	uh	381:8	330:15
trying	336:8 364:24 377:24 476:15 507:8 509:8 531:24	two	281:20 282:22 283:7 283:10,21 284:1,22 285:1 326:11 331:5,5 331:12,25 343:12 371:8 375:22 381:14 419:11 421:14 421:22 429:12 445:5,12 447:4 454:3 470:2,10 477:19 478:24 496:21,22 498:14 501:25 502:1 504:23 519:22,23 521:22 529:23	ultimately	419:18 531:16 543:20	understand
tuesday	288:19	um	329:10	294:15 299:21 309:4 318:15 363:20 392:5 407:8 413:7 419:4 442:17 442:20 455:2 501:16,18 515:12 525:24 527:9 541:21 543:23 548:21 549:8 552:7 562:6	309:4 318:15	287:25 329:6 336:13 348:12 379:20,22 389:18 390:6 400:20 401:15 402:16,23 403:12 412:7 412:16 427:21 434:15,18 455:8 471:17 479:4 482:15 503:4 509:8 512:17 521:13 524:4 531:24 553:25 554:4 555:14
turn	296:3,16 300:2 302:3 315:14 322:13 322:25 326:22 350:9 369:12	tyler	280:2 286:20	unacceptable	429:20,21,22 463:12 484:8	understanding
				unaffiliated	346:5,5 377:21	314:13 320:5 376:9 383:8 391:15 398:2,7

CONFIDENTIAL

[understanding - videographer]

Page 76

404:3,4,21	unwillingness	492:17 515:7	550:9
405:11 411:20	478:2	522:16 531:9	valuations
420:19,20	upcoming	548:6 549:5	321:22 330:15
425:1 440:19	555:21	562:13	539:9 558:13
440:20 468:20	upfront 505:4	using 290:12	value 321:24
503:2 509:15	upside 357:25	290:19,19,20	343:14 346:19
549:4 550:9,18	usage 293:3	291:18 292:5	358:8 535:10
understands	298:13	324:21 365:7	550:18,21,24
402:25 404:2	use 291:23	366:7 369:4	variables 289:9
understood	298:16 300:1	375:9 453:25	289:10 335:17
373:8 381:20	300:21 302:4,6	472:24 497:16	various 282:5
393:1 403:22	305:21 306:15	usual 471:13	310:9 384:9,25
404:1 509:7	306:17 320:6	usually 458:21	407:10 409:25
545:11 553:25	323:10 324:22	v	414:17 556:14
557:24	324:24 325:23	v 278:6,15	vendors 367:13
underline	365:14 366:10	281:11,17	venture 335:14
344:15 509:6	366:14 375:17	286:13,16	499:13 508:4
unfortunately	384:1 393:6,8	295:4,9 314:23	543:2
288:15	472:10,25	315:8 566:2	ver 354:14
unhappy 356:8	477:7 492:10	vacated 297:21	veracity 476:17
356:10,14	492:18 497:23	298:3	verbal 354:15
uniform 282:12	497:25 498:12	valua 335:17	354:19 360:1
390:20,25	504:15 506:25	valuable	546:17,17
uninteresting	507:3,11 508:9	317:24 322:5	verge 543:4
365:3	508:14 509:5	valuation	556:12,13
unit 286:9	509:19 510:1	321:21 330:21	veritext 286:21
united 278:1	539:8 562:1	330:24 331:10	286:22 566:1
unlimited	used 291:10,20	332:18,21	version 284:12
363:12	292:1,9 312:13	333:18 335:18	517:20
unrelated	317:18 318:23	530:22,25	viable 447:21
528:21 531:10	327:24 340:24	531:1,5,9	video 286:6,10
untrue 338:19	351:13 372:21	532:2,9,20,22	videoconfere...
unusual 316:4	372:21 436:15	532:23 533:1,5	280:4,5
unwilling	444:14 464:16	533:15 539:2,4	videographer
464:20 468:16	468:2 473:1	539:13 545:5	280:2 286:1,21

CONFIDENTIAL

[videographer - willingness]

Page 77

361:21 362:1	377:2 380:6,7	420:13,14	week 287:24
378:11 390:13	380:22 381:19	424:9 427:24	288:16 362:19
390:17 426:8	381:21,22	429:7 442:3	479:5 480:11
426:13,16	382:1 401:5	446:14 447:17	482:16,16
448:24 449:2	444:4 535:12	468:3 471:22	weeks 292:4
490:11,14	voting 394:11	474:9 507:3	went 306:6
540:3,6 563:3	395:1,2 397:10	509:22 531:13	312:5 348:13
videotaped	401:7 554:19	531:15,19,21	382:19 400:22
278:6	w	537:10 545:7,8	448:6 475:11
view 309:7	wait 400:25	548:22 549:3,6	504:9 507:24
312:22 334:1	want 288:15	549:7 557:24	541:6,7
356:22 357:8	319:17 328:21	wasted 379:12	wgts 300:5
357:18 358:4,7	330:1 337:7	water 426:10	when's 514:19
362:7,23	339:24 342:22	way 342:24	whispering
363:10 364:7	344:13 347:8	346:6 359:23	286:4
380:21 389:9	351:12 358:23	363:8 365:21	wholly 383:2
400:5 436:16	369:22 373:12	366:1 380:19	393:21 394:1
437:17 462:1	387:23 398:18	382:6 424:17	424:3,16 425:2
462:13 467:7	420:24 423:1	431:15 441:18	512:15,23
467:22,25	426:5,9 440:24	478:4 481:1	518:15 544:21
468:21 529:1	440:24 445:22	483:19 490:24	wildly 335:18
545:24	454:18 470:18	509:18 513:4	willing 332:23
viewed 544:4	470:23 471:3	513:12,18	332:24 335:20
557:7	471:15 474:13	520:14 521:14	353:24 357:20
violation 300:7	474:14 492:16	521:15,18	424:5 435:2
virtually 476:6	500:25 511:6	535:14	443:13 445:21
vol 278:8	541:8 542:8	ways 356:9	445:23 456:10
volatile 335:18	548:1 551:23	472:12 513:7	465:1,1,7,14,15
vollmuth	wanted 319:5	513:18	469:14 476:8
278:21 565:3	339:7 342:23	we've 402:1	480:7,20 481:6
565:22	343:20 348:21	wealth 322:1	483:13 487:17
voluntarily	354:5 355:18	339:5,5 353:6	532:24 533:7
364:11	356:1 364:7	website 389:9	willingness
vote 376:8,11	365:9 375:6,18	wednesday	481:18 483:4
376:15,18	375:22 415:8	278:23	

CONFIDENTIAL

[window - york]

Page 78

window 352:9 457:21	worded 434:15 521:16,18	315:8 323:21 323:25 324:5,8	392:24 395:24 398:3 411:5
withdraw 434:12 470:20 472:1 473:7,8	words 358:1 375:19 416:20 464:15,19,25 465:3	325:2 335:2 553:12 worth 558:15 writes 414:9 writing 311:25	418:7 433:3,13 433:14 450:7 461:21 471:20 473:25 482:1 482:17 483:25
withdrawal 487:20	work 289:20 317:22 318:1 322:4 376:3,21	346:16,23 362:19 363:3	484:3 488:11 490:10 502:23
withdrawn 469:11	443:18 444:11 456:8 484:14	421:10 465:1 writings 487:8	503:3 506:15 510:17 512:25
withdrew 469:9	525:15 545:22	written 284:18	515:3 520:6,8
withstand 548:4	workaround 377:7 378:17 444:2,13 485:13	302:3 346:12 346:12,17,18 349:25 350:4 356:15 378:9	520:9 522:18 527:14 533:19
witness 281:2 287:25 301:11 328:25 349:4 362:15 381:9 422:18 426:9 454:18 461:20 492:8,18,19,21 506:14 517:24 520:6,9 524:16 531:22 560:19 563:2	worked 305:24 305:25 306:1,2 306:3 388:10 499:2	392:17 421:19 422:12 459:3,9 462:2,8 523:7 523:9 534:9	year 284:17 293:2 302:20 302:21 305:13 315:20 316:5,6 317:8,9 322:7 336:17 346:1,2 346:3 491:4 523:17 524:10
witnesses' 566:4	working 317:13,21 318:20 356:4 389:5 443:24	536:20 546:18 560:1 561:20 561:24	yearly 316:20 years 316:7,12
word 332:12 340:18 343:7 345:3 351:13 369:4 372:21 431:3 436:15 456:15 477:7 492:17,23 509:2 557:17	444:7,10 472:6 510:5 511:18 516:22	wrong 397:10 431:4 432:22 wrote 293:20 474:2	317:1 516:15 yep 297:25 414:25
	workings 539:6	y	york 278:1 279:9,9,20,20 281:10 288:2,2 295:3,9,16,23 306:13 309:25
	workout 492:10	yeah 296:21 297:24,25	
	world 281:10 281:17 295:3,9 297:12,12 299:5,6,6 302:3 314:23	318:7 346:22 347:10 350:12 356:3 360:22 373:3 379:17 379:18,24	

CONFIDENTIAL

[york - zoom]

Page 79

452:6,6 566:1
z
z 516:19
zero 548:5
zheng 516:14
zoom 500:21
562:25

Federal Rules of Civil Procedure

Rule 30

(e) Review By the Witness; Changes.

(1) Review; Statement of Changes. On request by the deponent or a party before the deposition is completed, the deponent must be allowed 30 days after being notified by the officer that the transcript or recording is available in which:

(A) to review the transcript or recording; and

(B) if there are changes in form or substance, to sign a statement listing the changes and the reasons for making them.

(2) Changes Indicated in the Officer's Certificate. The officer must note in the certificate prescribed by Rule 30(f)(1) whether a review was requested and, if so, must attach any changes the deponent makes during the 30-day period.

DISCLAIMER: THE FOREGOING FEDERAL PROCEDURE RULES ARE PROVIDED FOR INFORMATIONAL PURPOSES ONLY.

THE ABOVE RULES ARE CURRENT AS OF APRIL 1, 2019. PLEASE REFER TO THE APPLICABLE FEDERAL RULES OF CIVIL PROCEDURE FOR UP-TO-DATE INFORMATION.

VERITEXT LEGAL SOLUTIONS
COMPANY CERTIFICATE AND DISCLOSURE STATEMENT

Veritext Legal Solutions represents that the foregoing transcript is a true, correct and complete transcript of the colloquies, questions and answers as submitted by the court reporter. Veritext Legal Solutions further represents that the attached exhibits, if any, are true, correct and complete documents as submitted by the court reporter and/or attorneys in relation to this deposition and that the documents were processed in accordance with our litigation support and production standards.

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